

City of Madelia, Minnesota

ECONOMIC RESILIENCY PLAN

2018



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INTRODUCTION

The economic dynamics at the local, national, and global levels have changed rapidly in recent decades. Over the years, rural communities in Minnesota have grappled with issues such as decline in population, hypermobility of a young, skilled workforce and competition to attract businesses. Smaller communities must focus attention on responding to larger globalized economies that are operating increasingly online. These economic changes are exacerbated by natural and man-made disasters such as extreme weather, flooding, fires, and tornadoes. In south central Minnesota, the City of Madelia seeks to become more resilient in response to these rapidly changing economic and natural conditions.

Like other small cities in Watonwan County, Madelia relies heavily on its manufacturing, healthcare and retail sectors. The city's downtown businesses also are key to building its tourism sector. A significant challenge Madelia faces is the lack of economic diversification. This economic resiliency plan establishes goals and strategies for attracting new businesses and residents to the community to adapt to these challenges. This plan was conceived following a disaster that occurred on Madelia's Main Street and in response to other economic disturbances that threaten the local economy.

On February 3, 2016, Madelia's downtown area experienced a fire that destroyed four buildings and eight businesses significantly impacting the economic wellbeing of the community. As the community began to rebuild itself with aid from private donors and the State of Minnesota, it was recognized a need for an economic planning document.

This document will serve to guide the City of Madelia to be more successful at foreseeing, adapting to and leveraging further disturbances the city may face. In collaboration with Region Nine Development Commission, the community of Madelia came together to produce three documents: The Madelia Comprehensive Plan, with funding from the Blandin Foundation, adopted by the City Council on February 5, 2018; the Madelia Marketing Strategy, and this Economic Resiliency Plan, funded by the U. S. Economic Development Administration (EDA) and the Minnesota Department of Employment and Economic Development (DEED). These documents will ensure the city continues to thrive as a healthy, safe, vibrant, welcoming, and sustainable community.

Structure of the Plan

The Madelia Economic Resiliency Plan is made up of seven chapters. The first chapter discusses the background for this plan, the definition of economic resiliency and the value of this plan to the City of Madelia. Community engagement is vital to the success of any planning endeavor; thus, this chapter also discusses who was involved in developing this plan, how they were involved, and at what stage in the process they were involved. The second chapter presents an overview of the current economic situation in the city. The third chapter presents an analysis of Madelia's economy, its supply chain and target industry analyses, projected grow industries nationally, local industry specializations, state of competitiveness, and industry screening recommendations. It looks at the interrelationships between the inputs and outputs of different industries in the area. The fourth chapter describes the Watonwan County Portfolio Innovation Index developed by the Indiana University' Business Research Center and Madelia's resiliency capacity based on the methodology developed by the University at Buffalo Regional Institute at the State University of New York. The fifth chapter concludes with stakeholders' assessment of Madelia's economic strengths, weaknesses, opportunities, and threats. The sixth chapter presents the recommendations prioritizing economic resiliency strategies by the stakeholders in Madelia. And the seventh chapter portrays the conclusions.

CHAPTER 1



Background of the Plan

The economic dynamics and local issues in rural communities in Minnesota will continue to represent significant economic disturbances that will continue to transform the performance of businesses as well as the macro and micro performance of local, national, and global economies (see Figure 1).

These economic disturbances and resultant transformations are exacerbated by other natural and man-made disasters. Communities in rural Minnesota, such as Madelia, have not been spared from these disturbances. Many rural communities rely mostly on industries in the agricultural and manufacturing sectors. Their downtown businesses contribute to building their tourism sector. Rural economies often are less diversified, which makes them less resilient to economic disturbances.

The fire of February 3, 2016 destroyed four buildings and eight businesses in the heart of the City of Madelia's downtown. These businesses offered a combined 106 years of service to the community and brought in \$3 million in sales volume. A total of 37 service jobs were lost, which accounts for nearly 19 percent of all the service sector jobs in the city; that is one in five service sector jobs were impacted. The significance of this event cannot be overstated. Getting Madelia back on its feet by funneling resources into the community was so important to the county, the region, and the State of Minnesota that the current governor, Governor Mark Dayton, issued an executive order to mobilize state resources to help the community recover from the disaster.

Although a variety of support and resources were received by the city from local, state, and national agencies, the city did not have an economic development plan to prioritize the investments. The fire incident served to remind all stakeholders about the need to prepare Madelia in the event that another disturbance were to impact the city. For example, if a major employer closed its doors due to disaster or outfly, how prepared is the city's economy to retain that employer, provide citywide resources and incentives and lessen the impact? Is Madelia's economy diverse enough to handle the loss? and what is its economic resiliency plan? This fire highlighted the need for the community to be better prepared and empowered to mobilize the right resources at the right time.

Figure 1: Resilience¹



¹ Rockefeller Foundation, 2014

The community now has the challenge to create a more resilient economy. One that is healthy, safe, vibrant, sustainable and significantly more diverse. The goal is to strengthen and diversify the local economy to become stronger than it has ever been and with-stand these disturbances, recover quickly and thrive. This requires thinking creatively about how to translate the strengths and assets of the City of Madelia, Watonwan County, and the region into a resilient interdependent economic development for the city.

Economic Resiliency

Resiliency is defined from many perspectives. Most of these perspectives define resiliency from an equilibrium or transformative perspective.² The equilibrium, engineering, or ecological definition of resiliency describes a system which experiences disturbance but could still bounce back in performing its basic function.^{3,4} Some authors critique this equilibrium conception of resiliency because it assumes that a system jumps back to a previous (engineering resiliency) or attains a new equilibrium point (ecological resiliency) after it has been disturbed (see Figure 2).⁵

Figure 2: Resilience⁶



Transformative or evolutionary definition of resiliency looks at the mutations of systems (i.e. changes to the structural functions of systems) after they have been disturbed.⁷ For instance, the economic development strategies that could lead to transformative changes in Madelia's economy after it has experienced disturbances.

According to the Community and Regional Resilience Report from the Community and Regional Resilience Institute, the resilience of a community or an economy could be defined as *“the capability to anticipate risk, limit impact, and bounce back rapidly through survival, adaptability, evolution, and growth in the face of turbulent change.”*⁸

In its updated *CEDS Content Guidelines*, the federal EDA also defines economic resiliency as the ability of an area to prevent, withstand, and quickly recover from major disturbances to its underlying economic base.⁹ Some authors look at the resilience of an economy from two key standpoints:^{10, 11}

- Static economic resilience (SER): this refers to an economy's ability to maintain its function when it experiences a severe disturbance
- Dynamic economic resilience (DER): the speed at which an economy can recover or return to its original function after it has experienced a severe disturbance

² White, I., & O Hare, P. (2014). From rhetoric to reality: which resilience, why resilience, and whose resilience in spatial planning? *Environment and planning. C, Government & policy.*, 32(5), 934-950

³Holling, C. S. (1973). Resilience and Stability of Ecological Systems. *Annu. Rev. Ecol. Syst.* Annual Review of Ecology and Systematics, 4(1), 1-23

⁴Pickett, S. T. A., Cadenasso, M. L., & Grove, J. M. (2004). Resilient cities: meaning, models, and metaphor for integrating the ecological, socio-economic, and planning realms. *Landscape and Urban Planning Landscape and Urban Planning*, 69(4), 369-384

⁵ Davoudi, S. (2012). Resilience: A Bridging Concept or a Dead End? *Plann. Theory Prac. Planning Theory and Practice*, 13(2), 299-333

⁶ Torrens Resilience Institute

⁷ Simmie, J., & Martin, R. (2010). The economic resilience of regions: Towards an evolutionary approach. *Camb. J. Reg. Econ. Soc. Cambridge Journal of Regions, Economy and Society*, 3(1), 27-43

⁸ <http://www.resilientus.org/wp-content/uploads/2013/08/definitions-of-community-resilience.pdf>

⁹ <https://www.eda.gov/ceds/content/economic-resilience.htm>

¹⁰ Rose, A. (2004). Defining and measuring economic resilience to disasters. *Disaster Prevention and Management: An International Journal*, 13(4), 307-314

¹¹ Rose, A. (2009). *Economic Resilience to Disasters, Community and Regional Resilience*. Retrieved from Oak Ridge, TN

The EDA’s CEDS guideline calls for two types of initiatives, steady-state economic resilience (SSER) and responsive economic resilience (RER), which could ensure that local economies have the capacity to achieve SER and DER. These two types of initiatives are broadly in line with the core principles of the National Disaster Recovery Frame (NDRF), which considers the resilience of a community or an economy as a measure of *“the level of vulnerability present before a disaster, the capacity to respond to and recover from a disaster, and the degree of community preparedness to both reduce vulnerabilities and increase capacities.”*¹²

Planning for the economic resiliency of a community should:

- look at the pre-disturbance baseline or the ‘normal’ state of the community’s economy before disturbance
- consider the economic resiliency of a community as the gap between the vulnerabilities (amount of exposures carried) and the capacities (mitigation abilities) of a community
- consider measures to close the gap by preparing strategies to reduce the vulnerabilities and build the capacities of the community’s economy¹²

This plan draws from these resilience definitions and the EDA’s guidelines to serve as a guide for the City of Madelia to foresee, adapt to and navigate disturbances to their advantage. It defines the baseline for the ‘normal’ state of Madelia’s economy before disturbance, describes the gap between the city’s vulnerabilities and capacities and suggests strategies to close this gap by reducing vulnerabilities and building the capacities of the community’s economy to aid in recovery. Building economic resilience for Madelia requires short-term and long-term planning strategies to retain skilled workers, increase infrastructure investments, attract and grow new businesses, provide a healthy revenue base for the city and promote premium quality of life for its residents.

Why does economic resiliency matter?

Economic resiliency planning improves the adaptive capacities of local businesses, supports the ability of local governments to diversify their economies, and increases job opportunities for residents. As shown in Figure 3, an economic resiliency plan guides decisions about the investments (e.g. designs, infrastructure, preparedness) needed to build community resiliency and generate benefits and dividends for residents, businesses, and governments. Economic resiliency planning is critical to assessing the resiliency of the local economy to different types of disturbances, developing incremental resiliency-building initiatives and mobilizing government, community, and private sector support and resources.

Figure 3: Resilience¹³



Developing an economic resiliency plan for the city of Madelia gives the city clear action items and steps needed to build the adaptive capacities of existing businesses, attract new businesses, diversify

the local economy, and support jobs for residents in the future. This plan complements the city's comprehensive plan. Together, these two plans identify strategic priorities that includes, but is not limited to, crafting business retention and recruitment strategies, helping inventory prospective site selecting and shovel ready sites, and tying into the needs assessment to create targeted recruitment strategies that will directly impact the needs of the community while also diversifying its economy.

Community Engagement

With sights set on the future, the community, led by residents, community leaders, elected officials, and city staff, is independent, determined, and ready to become stronger than before. There is an opportunity to develop its economy from the current base that is primarily service sector and manufacturing.

Stake holders, in partnerships with the community ambassadors and the City of Madelia, conducted a series of needs assessment, strengths, weaknesses, opportunities, and threats analysis, the Watonwan County futures workshop¹⁴, and gathered data from the public, city and local businesses. In addition, analysis from public and private datasets, was used to craft economic resiliency strategies in line with the core values of the community.



Community engagement is people working together to make a difference in their community.

¹⁴ University of Minnesota Extension Center for Community Vitality

CHAPTER 2

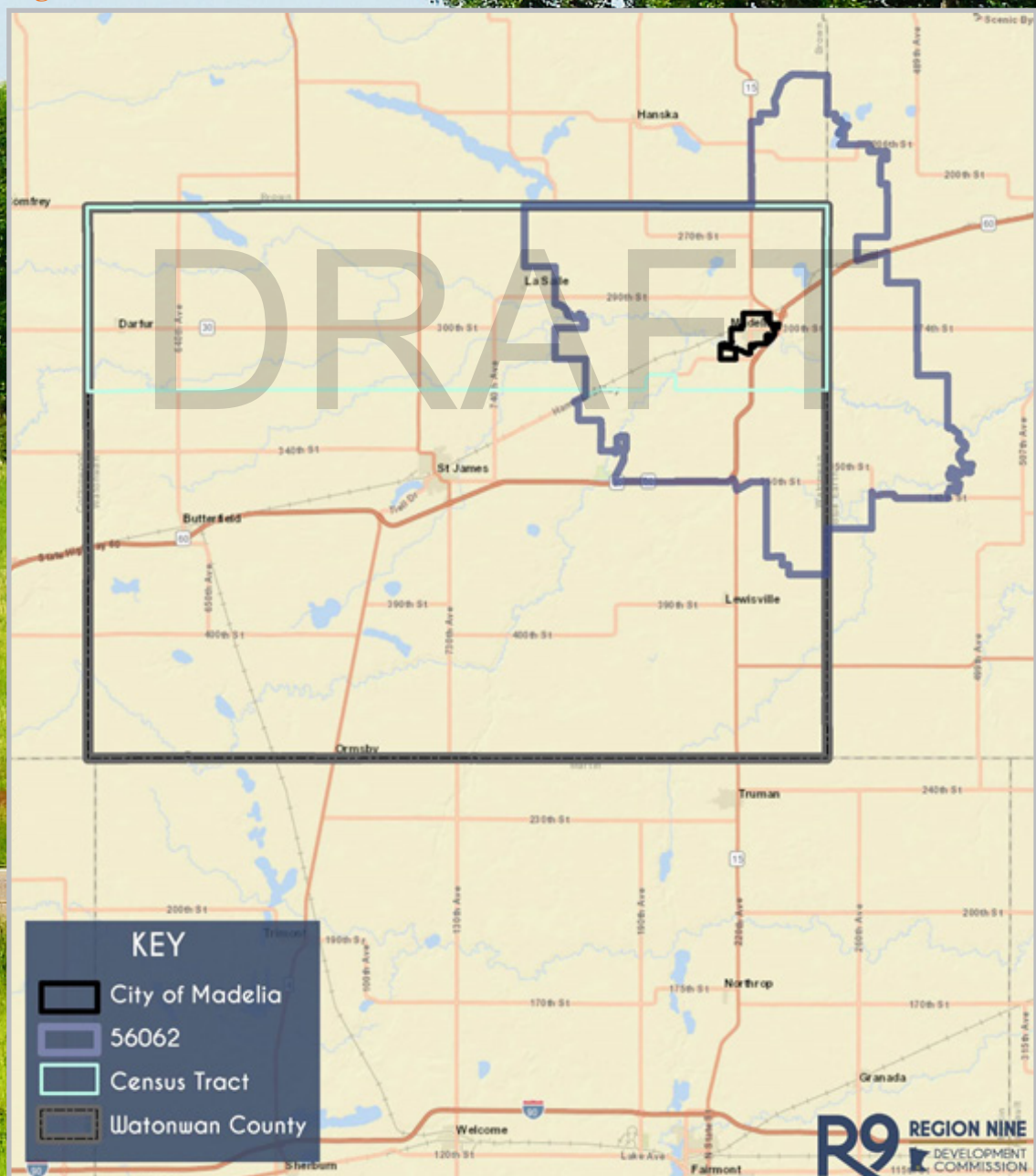
DRAFT



Economic Base Analysis for the City of Madelia

Analysis for the City of Madelia is based on data from the Census Bureau, County Business Patterns, Data USA, American Community Survey, and other public and private sources. The Census Bureau, County Business Patterns and Data USA use zip code 56062 as a unit of analysis; American Community Survey uses census tracts and the remaining sources used Madelia city limits as the unit of analysis.

Figure 4: Data Collection Areas



Population

With an estimated population of 2,239 residents in 2017, Madelia is the second largest of eight cities in Watonwan County, which has a total estimated population of 10,840. The city represents approximately 21 percent of the total population for the county.¹⁵ For more than 120 years Madelia’s population consistently increased, from 489 people in 1880 to 2,343 people in 2001, except in 1930, 1980, 2010, when its population decreased by 3.5, eight, and one percent respectively. By the end of the Great Recession (2009) the population decreased 6.1 percent to 2,201 people since 2001, then it rose to 2,320 people in 2013. Since 2014 it has been in a new declining trend. Following this trend, by 2050, the population of Watonwan County is also projected to decline by approximately 500 people, as evidenced by the observable steady decline in its population since 2014.¹⁶

Figure 5: Madelia Population 1880-2010¹⁷

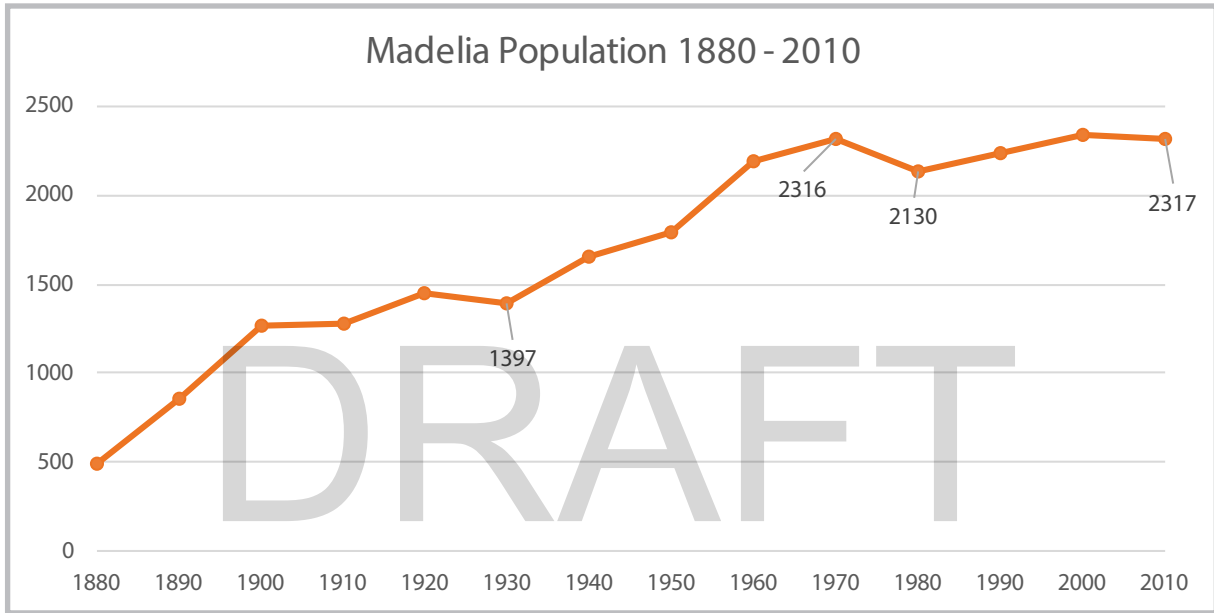
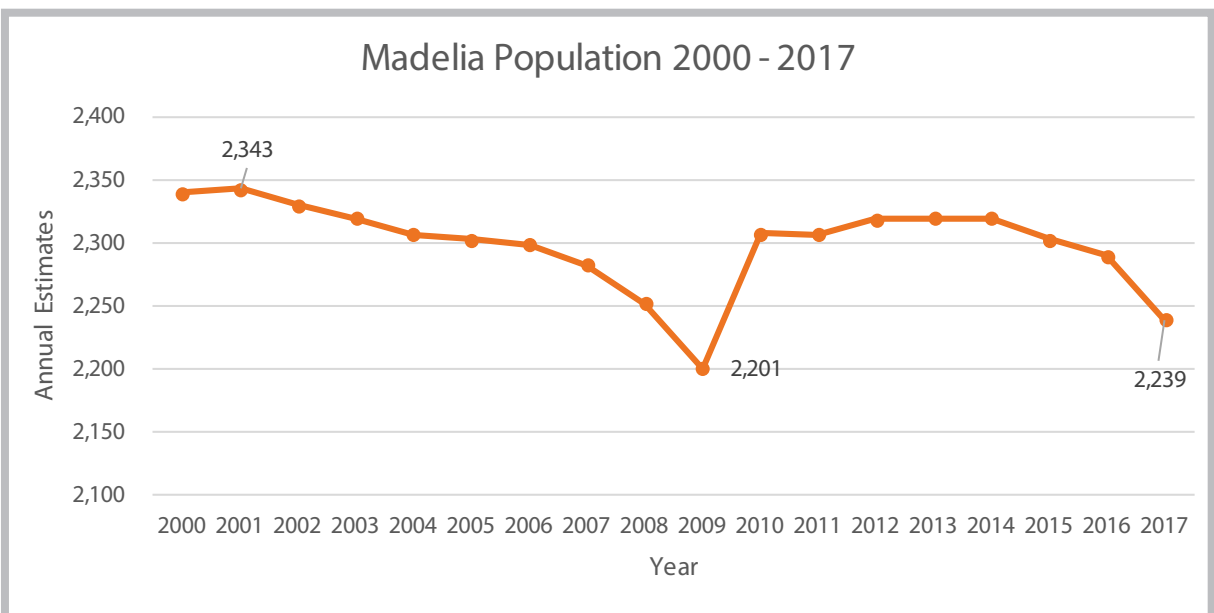


Figure 6: Madelia Population 2000-2017¹⁶



12 ¹⁵ Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2017 (<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>)
¹⁶ MN State Demographic Center, Metropolitan Council, and U.S. Census Bureau. Released July 2017
¹⁷ U.S. Decennial Census. <https://www.census.gov/prod/www/decennial.html>

Most of Madelia's population is comprised of females (52.7% of the total population), especially in the 18 years or older cohort (55.9%) and the 65+ age cohort in which they represent 61.4 percent.¹⁸

Madelia has a higher rate of population under five years of age (10.7%) compared to the county (6.9%), state (6.4%) and nation (6.2%). The young adult population 18 to 24 years represents a 12 percent share in Madelia compared to the county (17%) and the state (9%). Similarly, the population 25 to 34 years (11.7%) represents a lower rate of the population compared to the county (12.9%) and the state (13.7%). Madelia's share of the population in the 15 to 64 years working-age range (59%), is lower than the state by about seven percentage points.¹⁹

The lower share of adults ages 45 to 64 (21.3%) compared to the state (26.9%) may be indicative of a generation that left in search of work and other opportunities, while more of the younger generation has stayed in the community.²⁰ This is in line with region-wide age demographics for South Central Minnesota where many counties have higher representations of the population 18 to 34 year old than the state due to their abundance of educational opportunities.

Madelia has a higher rate of population older than 64 years (19.1%) compared to the state (15.1%) and the nation (15.2%)²¹, and slightly lower than Watonwan County (19.8%)²². Its median age (35.7 years)²³ is younger compared to the county (39.7 years), state (37.9 years)²⁴, and nation (37.9 years)²⁵.

Race and Ethnicity

The city displays economic strength through the diversity of its residents with 22.9 percent of its population of Hispanic or Latino origin²⁶, slightly higher than Watonwan County (22.6%)²⁷ and higher compared to the state (5.1%)²⁸ and the nation (17.3%).²⁹ Madelia is much more diverse than other comparable small cities in the region; however, the city has seen significant declines in its Hispanic population in the last years. In 2010, 26.9 percent of Madelia residents were Hispanic but by 2016, this group had declined by 15 percent.

Madelia has a much larger Black or African American population at 2.6 percent than Watonwan County at 0.6 percent as well as a larger population of people who are two or more races at 1.2 percent (compared to 0.8% for the county). There is no Asian population in Madelia although 1.2 percent of the county's total population is Asian.³⁰

Table 1: Race and Ethnicity, City of Madelia, Watonwan County, Minnesota & the U. S., 2016²⁶

Race	City of Madelia	Watonwan County	Minnesota	U. S.
White	90.4%	90.7%	84.5%	73.3%
Black or African American	2.6%	0.6%	5.7%	12.6%
American Indian	1.1%	0.5%	1.0%	0.8%
Asian or Pacific Islander	0.0%	1.2%	4.5%	5.4%
Other Race	4.7%	6.3%	1.6%	4.8%
Two or more Races	1.2%	0.8%	2.7%	3.1%
Hispanic Origin	22.9%	22.6%	5.1%	17.3%

¹⁸ 2011-2015 American Community Survey 5-Year Estimates

¹⁹ https://factfinder.census.gov/rest/dnldController/deliver?_ts=549276424257

²⁰ Madelia Business Climate, Applied Economics, 2018

²¹ <https://www.census.gov/quickfacts/fact/table/US/PST045217>

²² <https://www.census.gov/quickfacts/fact/table/MN,watonwancountyminnesota/PST045216>

²³ http://factfinder.census.gov/bkml/table/1.0/en/ACS/16_5YR/B01002/1600000US2739230

²⁴ <https://datausa.io/profile/geo/minnesota/?compare=watonwan-county-mn>

²⁵ <https://www.census.gov/quickfacts/fact/table/mn/PST045217>

²⁶ <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

²⁷ <https://www.census.gov/newsroom/facts-for-features/2017/hispanic-heritage.html>

²⁸ <https://datausa.io/profile/geo/minnesota/?compare=watonwan-county-mn>

²⁹ <https://www.census.gov/quickfacts/fact/table/mn/PST045217>

³⁰ 2012-2016 American Community Survey 5-Year Estimates

Education

Madelia Public Schools comprise ISD 837 and include Madelia Elementary (Grades Pre-K-6), Madelia High School (Grades 7-12) as well as students who attend eMinnesota Online Academy and River Bend Education. The district employs over 110 people and is governed by a seven-member school board and a superintendent.³¹ Additionally, St. Mary's Catholic School and Noah's Ark Daycare are located in the city but are not part of the public school district.

Madelia's population older than 24 years have lower educational attainment rates compared to the state and the nation; for instance, Madelia's total population with a high school degree or higher level of education (83.3%) is slightly lower than Watonwan County (85.3%). Only 17.5 percent of Madelia's population holds a bachelor's degree or higher level of education, slightly higher than the county's 16.3 percent and lower than the state (34.8%) and the nation (30.3%). The majority of the population over 25 years has only a high school diploma at 39.7 percent and 26.1 percent of the population has some college or an associate degree.³² In 2016, 22.9 percent of Madelia's population three years of age or over was enrolled in school with 9.3 percent of its total population enrolled in college.³³



Workforce

Madelia's labor force has been relatively constant with only 0.9 percent growth since 2010 compared to 4.8 percent growth for the state. Watonwan County's labor force on the other hand has grown seven percent since 2013 and its employment has grown 9.1 percent compared to only 3.5 percent growth for Madelia. The city's labor force participation rate of 72.5 percent in 2016 is also lower than the county at 79.7 percent, both of which are higher than the state by about two and nine percentage points respectively. The city is at, or above, full employment so new or expanding companies will need to draw workers from surrounding regions. Unemployment for the city has hovered around 2.4 percent for the past two years and is well-below state levels.³⁴

14 ³¹ Madelia Public Schools, <http://www.madelia.k12.mn.us/page/2458>

³² <https://www.census.gov/quickfacts/fact/table/watonwancountymnnesota,US/PST045217>

³³ 2011-2015 American Community Survey 5-Year Estimates

³⁴ Business Climate Assessment for the City of Madelia, Applied Economics, February 2018

Table 2: City of Madelia, MN Workforce Data 2009 - 2015³⁵

Year	Pop. 16+	LFPR ³⁶	Labor Force	% Em-ployed	Employ-ment	Total Jobs ³⁷	% Unemployment
2009	1,848	70.4	1,300	66.2	860	927	5.9
2010	1,848	70.5	1,302	67.1	873	951	4.8
2011	1,990	69.7	1,387	66.5	922	987	4.6
2012	1,883	67.2	1,265	62.8	794	1,026	6.5
2013	1,795	68.4	1,227	63.7	781	1,050	6.8
2014	1,843	66.1	1,218	64.1	780	965	3
2015	1,819	66.8	1,215	65	789	1,137	2.7

Total jobs represent the number of employed workers who work in Madelia. They do not necessarily live there. In fact, over two thirds of workers in Madelia commute from outside the city. As a result, this measure is higher than *Employment* which measures the number of Madelia's residents who are either also employed in the city or employed elsewhere.

The American Community Survey estimates that in Madelia, the civilian employed population 16 years and over is distributed as follows: private wage and salary workers, 80 percent; government workers, 13.3 percent; self-employed at own not incorporated business workers, 5.4 percent; and unpaid family workers, represents 1.4 percent. Government was projected as the third largest employer after manufacturing and health services, employing 13.3 percent of the workers in the city.

Table 3: Madelia Class of Worker³⁸

Class of worker	No.	Margin of Error	%	% Margin of Error
Civilian employed population 16 years and over	1,283	+/-110	100.00	(X)
Private wage and salary workers	1,026	+/-116	80.00	+/-5.0
Government workers	170	+/-53	13.30	+/-4.2
Self-employed in own not incorporated business workers	69	+/-36	5.40	+/-2.7
Unpaid family workers	18	+/-14	1.40	+/-1.1



³⁵ American Community Survey 5-Year Estimates, U.S. Census Bureau OnTheMap, 2016

³⁶ LFPR: Labor Force Participation Rate

³⁷ Total Jobs represents the number of employed workers who work in Madelia

³⁸ U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

Madelia's economic strengths include above-average labor force participation rates, below-average unemployment and a concentration of manufacturing workers. Twenty-four percent of Madelia's workers are in material moving and production occupations, which is more than two times the state average working in these sectors. These sectors have location quotients of 2.15 and 3.53, which represent an above average share of these employments compared to the state level (Table 4).³⁹

Table 4: Resident Workforce by Occupation⁴⁰

Occupations	City of Madelia		State of Minnesota		Location Quotient
	Employment	Distribution	Employment	Distribution	
Total	1,283		2,864,441		
Material moving	110	0.09	69,663	0.02	3.53
Production	195	0.15	202,678	0.07	2.15
Community and social services	43	0.03	57,523	0.02	1.67
Protective services	27	0.02	38,677	0.01	1.56
Building and grounds cleaning and maintenance	64	0.05	93,085	0.03	1.54
Education, training, and library occupation	111	0.09	167,678	0.06	1.48
Healthcare support occupation	45	0.04	70,536	0.02	1.42
Life, physical, and social science	15	0.01	28,149	0.01	1.19
Transportation	45	0.04	97,595	0.03	1.03
Construction and extraction	57	0.04	125,229	0.04	1.02
Health practitioners and technologists	72	0.06	175,554	0.06	0.92
Office and administrative support	119	0.09	365,694	0.13	0.73
Food preparation and serving	49	0.04	151,691	0.05	0.72
Management, business, and financial occupations	150	0.12	475,493	0.17	0.70
Sales and related occupations	85	0.07	290,112	0.10	0.65
Arts, design, entertainment, sports, and media	16	0.01	57,517	0.02	0.62
Personal care and service	31	0.02	116,210	0.04	0.60
Installation, maintenance, and repair	22	0.02	81,259	0.03	0.60
Architecture and engineering	13	0.01	55,183	0.02	0.53
Farming, fishing, and forestry	5	-	21,540	0.01	0.52
Legal occupations	4	-	27,834	0.01	0.32
Computer and mathematical occupation	5	-	95,531	0.03	0.12

³⁹ Business Climate Assessment for the City of Madelia, Applied Economics, February 2018

⁴⁰ Census Bureau, American Community Survey, 2016 5-year estimates

By occupation, Data USA shows that in 2016 the larger number of employees in Madelia were working in production (15%), administrative, education, material moving, training and library, and management, each providing nine percent of the employment in the city. These sectors together account for 50 percent of the local jobs.⁴¹

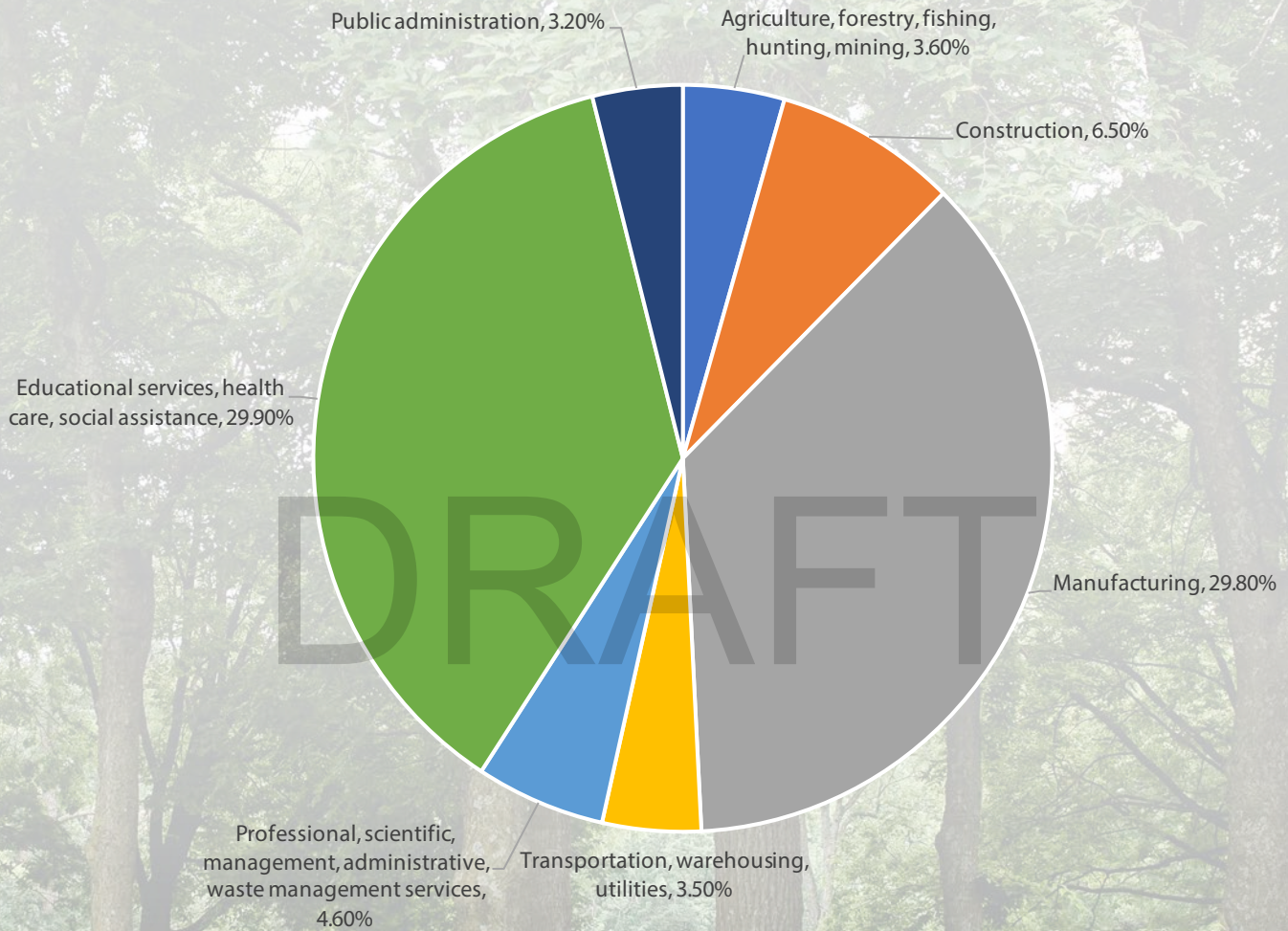
Table 5: City of Madelia Number of Employees by Occupation 2013 - 2016⁴¹

Occupations	2013		2014		2015		2016	
	No.	%	No.	%	No.	%	No.	%
Total	1,143	100%	1,181	100%	1,183	100%	1,283	100%
Production	242	21%	205	17%	223	19%	195	15%
Administrative	143	13%	100	8%	139	12%	119	9%
Education, Training, & Library	66	6%	105	9%	97	8%	111	9%
Management	56	5%	87	7%	83	7%	110	9%
Material Moving	62	5%	80	7%	92	8%	110	9%
Sales	47	4%	82	7%	67	6%	85	7%
Cleaning & Maintenance	67	6%	61	5%	44	4%	64	5%
Construction & Extraction	83	7%	69	6%	66	6%	57	4%
Food & Serving	9	1%	24	2%	43	4%	49	4%
Health Technicians	24	2%	61	5%	49	4%	47	4%
Transportation	34	3%	39	3%	46	4%	45	4%
Healthcare Support	82	7%	71	6%	68	6%	45	4%
Community & Social Service	7	1%	14	1%	11	1%	43	3%
Business & Financial Operations	39	3%	44	4%	27	2%	40	3%
Personal Care & Service	55	5%	24	2%	17	1%	31	2%
Law Enforcement Supervisors	8	1%	12	1%	22	2%	27	2%
Health Practitioners	32	3%	22	2%	22	2%	25	2%
Installation, Maintenance, & Repair	40	3%	25	2%	25	2%	22	2%
Arts & Recreation	6	1%	6	1%	4	0%	16	1%
Life, Physical, & Social Science	6	1%	12	1%	18	2%	15	1%
Architecture & Engineering	18	2%	18	2%	11	1%	13	1%
Computer & Mathematical		0%		0%		0%	5	0%
Farming, Fishing, & Forestry	9	1%	10	1%	5	0%	5	0%
Legal	5	0%	6	1%	4	0%	4	0%
Fire Fighting Supervisors	3	0%	4	0%		0%		0%

⁴¹ <https://datausa.io/profile/geo/madelia-mn/#economy>

There are 352 people employed in manufacturing comprising 29.8 percent of Madelia’s workforce while 354 people work in education or healthcare, comprising 29.9 percent of the workforce. Combined, production, transportation, and material moving occupations employ the greatest number of people at 361 (30.5%) of the workforce. Retail trade and construction also employ a significant portion of Madelia’s population at 7.4 and 6.5 percent respectively.

Figure 7: Madelia Percentage of the Working Population by Industry⁴²



The main occupations of workers living in Madelia in 2016 were manufacturing (399 jobs), health services (285 jobs), retail trade (132 jobs), and construction (107 jobs).⁴³

Table 6: Madelia Share of Regional Employment by Sector⁴³

Description	12 County Region		Watowan County		City of Madelia				Madelia Location Quotients	
	Jobs	Firms	Jobs	Firms	Jobs	Share of County	Firms	Share of County	Relative to Watowan	Relative to Region
Total	106,461	7,000	3,377	268	1,129	33%	85	32%		
Manufacturing	24,654	411	1,262	17	399	32%	5	29%	0.95	1.53
Health Services	20,342	716	456	20	285	63%	9	45%	1.87	1.32
Retail Trade	14,760	1,011	365	35	132	36%	13	37%	1.08	0.84
Construction	5,098	885	258	39	107	42%	14	36%	1.24	1.98
Other Services	3,492	611	116	27	58	50%	9	33%	1.49	1.56
Finance and Insurance	3,467	474	134	22	28	21%	5	23%	0.63	0.76
Accommodation and Food Services	8,962	543	197	21	28	14%	5	24%	0.43	0.3
Information	2,136	112	33	7	26	80%	4	57%	2.39	1.16
Transportation	4,080	356	164	23	21	13%	6	26%	0.39	0.49
Real Estate	878	185	18	4	16	90%	3	75%	2.68	1.73
Professional and Technical Services	3,141	398	36	11	11	31%	4	36%	0.92	0.33
Wholesale Trade	4,884	390	87	11	8	9%	2	18%	0.26	0.15
Administrative and Support Services	2,946	236	115	11	7	6%	4	36%	0.18	0.22
Arts, Entertainment, and Recreation	1,143	140	10	4	3	34%	2	50%	1.02	0.28

Madelia has enjoyed historically lower unemployment rates, for instance with a labor force of about 1,315 people,⁴⁴ in 2016 its unemployment rate (2.4%) was, lower than the county (5%), state (3.9%), and the nation (4.9%).⁴⁴ The major employers located in Madelia were: animal slaughtering and processing, with approximately 300 employees; printing and related support activities, with approximately 150 employees; nursing care facilities, with approximately 92 employees; and general medical and surgical hospitals, with approximately 70 employees. Together they account for approximately 80 percent of employment in the city.⁴⁵

⁴³ IMPLAN ES202 2016 data by county for 12 County Region and 2015 County Business Patterns for Madelia zip code 56062

⁴⁴ U.S. Census Bureau, American Community Survey, latest 5-Year Estimates

⁴⁵ <http://www.lakesnwoods.com/Madelia.htm>

Two of the top employing industries, animal slaughtering and printing and related activities, concentrate approximately 60 percent of the jobs available in the city. Nursing care facilities and the hospital provide approximately 20 percent of the city jobs. The city of Madelia and building equipment contractors provide approximately 10 percent of the employment opportunities in Madelia.⁴⁶

Table 7: Madelia Major Employers⁴⁶

Employer	Products/Services	Employees	%
		Total	788
Tony Downs Foods Company	Animal Slaughtering & Processing	300	38%
House of Print	Printing & Related Support Activities	150	19%
Luther Memorial Home	Nursing Care Facilities	92	12%
Madelia Community Hospital	General Medical & Surgical Hospitals	70	9%
PHLAG Mechanical	Building Equipment Contractors	40	5%
City of Madelia*	Government	37	5%
Wolf Etter & Co.	Accounting, Tax Prep., Bookkeeping, & Payroll Services	26	3%
Madelia Clinic	Offices of Physicians	21	3%
Gopher Concrete	Cement & Concrete Product Manufacturing	18	2%
Preferred Printing	Printing & Related Support Activities	10	1%
Ryter Corp	Scientific Research & Development Services	10	1%
Forstner Fire Apparatus	Motor Vehicle Body & Trailer Manufacturing	7	1%
Gappa Electric	Building Equipment Contractors	7	1%

Economy Health and Income

One important indicator of economic health is projected employment growth or the ability to create new jobs. Watonwan County is projected to grow 0.3 percent to reach 0.7 percent over the next 15 years with growth rates declining over that time. By 2030, it is projected that 440 jobs will be added in the county. The state's job growth rates will decline from 1.6 to 1.3 percent over the same period.⁴⁷

Manufacturing, construction and health care are highly concentrated in Madelia and account for 70 percent of industry employment versus 33 percent for the state. Although manufacturing jobs declined 13 percent since 2010, almost 800 workers in Madelia are employed by these three industries.⁴⁷

Workers aged 30-54 hold 51 percent of the jobs in Madelia compared to 54 percent for the state. Just under 30 percent of jobs are held by the population over the age of 55 compared to 22 percent for the state. This indicates future declines in the labor force.⁴⁷

The median household income in Madelia is \$42,171, which is about 33 percent lower than the state. This indicates a lack of skilled workers in the region. This figure has not significantly improved since the post-recession period unlike many other areas of the state and could be problematic to future growth efforts made by the city. On the other hand, the per capita income has increased dramatically in the last eight years by 19 percent and sits at \$22,500. This figure is still about \$10,000 less than the state although it is continuing to grow at a faster rate.⁴⁷

Seventy three percent of the jobs in Madelia earn less than \$3,334 per month, which explain in part why although the city enjoys one of the lowest unemployment rates in the state, it has a high percentage of its residents living in poverty.

The share of job holders by education level indicates workforce distribution. Slightly more job holders in Madelia have a high school degree or less at 25 percent compared to 21 percent for the state. Job holders with a bachelor's degree or higher comprise 17 percent of the workforce compared to 24 percent for the state.⁴⁷

Table 8: Income in the Past 12 months for Madelia (as a percent of the population)⁴⁸

Income	Households	Families
<10,000	7.3	4.7
10,000 - 14,999	11.1	4.9
15,000 - 24,999	8.4	6.1
25,000 - 34,999	13.3	10.4
35,000 - 49,000	16.1	11.7
50,000 - 74,999	17.6	26.8
75,000 - 99,999	11.1	12.9
100,000 - 149,999	14.2	21.4
150,000 - 199,999	1.1	1.1
>200,000	0	0

Table 9: Percent of Jobs by Monthly Earnings Level⁴⁸

	\$1,250 or less	\$1,251 to \$3,333	More than \$3,333
Madelia	27.60%	45.60%	26.80%
MN	24.10%	29.40%	46.50%

⁴⁸ American Community Survey Estimates, 2012-2016

Retail Sales

Watonwan County has seen an increase in retail sales of about 8.7 percent since 2011, below the state growth of 14 percent. This trend of slower growth in the county can be seen across most other industries. The county has a below-average share of sales in motor vehicles and clothing but an above-average share of sales in grocery stores, gas stations, and restaurants. Madelia residents are likely to purchase items such as motor vehicles, clothing, and appliances in Mankato or other nearby larger cities outside the county.⁴⁹

Market access indicated the ease of transportation for businesses located in Madelia. The closest interstate is Highway I-90, which is about 30 miles away to the south and the city is connected to Mankato by Minnesota State Highway 60, advantageous for regional commerce. Additionally, there are railroad freight services to Madelia including the Chicago - Omaha Railroad, the Northeast Line which runs through Mankato to Minneapolis-St. Paul, and the Southwest Line that passes through St. James and continues to Sioux City, Iowa and Omaha, Nebraska.⁴⁹

Madelia is situated 101 miles from the nearest international airport in Minneapolis-St. Paul and 115 miles from the Rochester International airport. Mankato regional airport is 39 miles from the city and St. James Municipal airport is located 11 miles from Madelia. Also, Sioux Falls regional airport is 131 miles away and often used by people in Watonwan County.⁵⁰

Land Use

The City of Madelia spans 3,180 acres, 665 of which are maintained by the city. The Downtown Business District comprises most of the commercial land whereas most of the industrial land is in the northern part of the city near the railway. The downtown area, in addition to local businesses, houses the post office, city hall, and emergency services. Residential neighborhoods extend outward from this central business district where schools, the hospital and several churches are in addition to housing.⁵¹

Real Estate

Availability of real estate is an important factor for attracting new businesses to Madelia. Most built space in the city is owner occupied and there are no listings for land or buildings on popular real estate sites. For the city to be considered a potential site for a business, it must have properties available for purchase.

According to Applied Economics, three types of real estate are eventually required for the city to be a contender for a viable site. These include properly zoned, unimproved land, improved non-residential land in industrial and business parks and speculative buildings including office, industrial, and retail.

One advantage for the city is that it has construction costs that are below the national average. Madelia's construction costs are also lower than those in Minneapolis, which has higher costs than the national average. Six industries in Watonwan County reported real estate in their top ten purchases in 2016 and four of these in their top two purchases.⁵²

⁴⁹ Business Climate Assessment for the City of Madelia, Applied Economics, February 2018

⁵⁰ Google Maps

⁵¹ Comprehensive Plan City of Madelia, Adopted February 5, 2018

⁵² IMPLAN, Real Estate being real estate buying and selling, leasing, managing, and related services

Infrastructure

The City of Madelia was established in 1857 and was originally situated on the banks of the Watonwan River, but the business district was moved to higher ground due to flooding. Madelia has many historical buildings but has been impacted by severe fires, the most recent being in 2016.⁵³ The city takes pride in its resiliency and rebuilding efforts but much of the city's infrastructure is still in need of updating or replacing.

Below is a condensed list of key areas in the city which must be updated in the next couple years and the estimated cost of these projects according to the city engineering firm Bolton and Menk as of 2016. These projects include rerouting sanitary sewers, replacing water mains and updating water services, patching streets, replacing storm sewers among others. The total cost of all these projects is estimated to be \$4,169,000.00.⁵⁴

Table 10: City of Madelia Infrastructure Projects Costs, 2016⁵⁴

Project	Cost
Main Wastewater Lift Station	\$1,365,000.00
Second Street NE (Center to Buck)	\$923,000.00
Wastewater Treatment Plant	\$799,000.00
Center Avenue South	\$288,000.00
Crosby Ave SE and Second Street SE	\$226,000.00
Second Street (West of Joy Ave)	\$203,000.00
Abbot Ave & Second Street Storm & Sanitary Sewer	\$96,000.00
Second Street NE (Drew to Eager)	\$76,000.00
Eager Avenue SE Curb & Gutter	\$64,000.00
Drew Avenue NE - Water Service	\$61,000.00
Watona Park Drain tile repair	\$35,000.00
Fifth Street North & Center Avenue N	\$20,000.00
Benzel Avenue	\$13,000.00
Total	\$4,169,000.00

State and Local Taxes

There is no local sales tax for the City of Madelia or Watonwan County so only the state rate of 6.87 percent will be considered by prospective businesses. Madelia's property tax rate is lower than the state at 1.2 percent compared to 1.45 percent. In 2003, Moody's Investors Service downgraded to A3 from A2 the rating on the city of Madelia's outstanding general obligation debt, "*reflecting a significant valuation declines in the city's extremely small tax base, weak demographic profile sound financial operations with healthy reserve levels and low debt burden.*"⁵⁵

Economic Market Value (EMV) for real property is a good indicator of general real estate market and fiscal conditions. EMV has grown by 20 percent for the city in the last five years compared to the state's EMV which has grown only 14 percent. While the residential values have increased by 27 percent, the commercial and industrial values have decreased by 13 percent for the city.⁴⁹

⁵³ City of Madelia, <https://www.madeliamn.com/>

⁵⁴ City of Madelia, Capital Needs Review, Bolton & Menk, 2016

⁵⁵ <https://www.moody.com/credit-ratings/Mankato-MN-credit-rating-600003266>

Population Migration

In 2015, 88.6 percent of Madelia's residents lived in Watonwan County during the previous year, 83.5 percent in the same house, while 10.7 percent lived in a different county. Most of these residents who lived previously in a county other than W According to IRS Minnesota Individual Income Tax Return Data, 264 people who filed taxes in Watonwan County in 2015 filed their tax returns in a different county in 2016. Of these, 82 percent were filed in a Minnesota county (19% in Blue Earth County, 9% in Martin County and 8% in Brown County). Of the 48 tax returns filed in a different state in 2016, 27 were filed in the Midwest region of the United States. There were 458 exemptions filed within Watonwan County in 2015 but outside the county in 2016.⁵⁶

According to IRS Minnesota Individual Income Tax Return Data, 183 people who filed taxes in Watonwan County in 2016 filed theirs in a different county in 2015. Of these, 161 were filed in a different Minnesota county and 22 were filed in a different state, all in the Southern region of the United States. Of the 161 people who filed their Income Tax Returns in a different county in 2015, 18 percent filed in Blue Earth County and migrated to Watonwan County in 2016. There were 299 tax exemptions filed outside Watonwan County in 2015 but within the county in 2016. In both 2015 and 2016, 4,224 non-migrants filed taxes in Watonwan County.⁵⁶

Although there are more in-migrants and out-migrants than are indicated in this data from the IRS, this data reflects the decreasing population trend observed in the census data. While Watonwan County had a population reduction of 0.5 percent in 2016 compared to 2015,⁵⁸ individual income tax returns and exemptions loss 1.5 percent net filings in the county in the same period.⁵⁶

Table 11: Residence Previous Year⁵⁷

	Estimate	Percent
Population 1+ Years	2,341	
Same House	1,955	83.50%
Different House in U.S.	371	15.80%
Same County	120	5.10%
Different County	251	10.70%
Same State	232	9.90%
Different State	19	0.80%
Abroad	15	0.60%

Table 12: Watonwan County Individual Income Tax Returns, 2015⁵⁸

Number of Returns filed in Watonwan County in 2015	5,410
Filed in Watonwan County in 2015 but Filed in Different County in 2016	264
Minnesota	216
Blue Earth County	50
Martin County	23
Brown County	20
Other MN Counties	123
Different state	48
Midwest Region	27
Filed in Outside Watonwan County in 2015 but Filed in Watonwan County in 2016	183
Minnesota	161
Blue Earth County	33
Number of Exemptions filed in Watonwan County in 2015	10,540
Exemptions filed in Watonwan County in 2015 but filed outside Watonwan County in 2016	458
Exemptions filed outside Watonwan County in 2015 but filed in Watonwan County in 2016	299
Tax Return Filed by Non-immigrants in Watonwan County in 2015 and 2016	4,224

24 ⁵⁶ <https://www.irs.gov/statistics/soi-tax-stats-county-data-2015>

⁵⁷ Community Survey 5-Year Estimates, 2015

⁵⁸ <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

Quality of Life

A community's quality of life indicates its ability to attract and retain workers. This measure includes ease of transportation, commuting time, cost of living, housing options, security, quality of education, amenities, and community facilities.

Transportation

In addition to the Interstate Highway I-90, the rail roads, and the four municipal, regional and international airports, Madelia provides access to Minnesota State Highways 15 (north-south) which intersects at the city with Highway 60 (four lanes southwest-northeast). Other major roadways through the city include Main Street and Benzel Ave as well as Old Hwy 60, which runs through the city's southeastern corner.⁵⁹

Most households (41.2 %) have just one vehicle while 29.4 percent have two and 22.8 percent have three or more. Over 79 percent of workers drive to work in a car, truck, or van.⁶⁰

Watonwan County provides a *Take Me There* bus service, which provides intown services and scheduled trips to Fairmont, Mankato, and New Ulm.⁶¹ The Land to Air Express shuttles people to and from the Minneapolis-St Paul International Airport. Additionally, there is a Senior Ride program run by volunteers who drive elderly residents over 60 years of age to appointments during the week at no cost.⁶²

Commuting Time

The average travel time to work for Madelia residents in 2016 was 17 minutes,⁶³ while the state average was 23 minutes. Less than one-third of the residents commute more than 30 minutes to work. About 16 percent of these commuters work in Blue Earth County, another 16 percent are spread across other counties in the region and nine percent work in Brown County.⁶⁴ Around one-third of the population reside and work in Madelia while 18 percent work outside the city but still within Watonwan County.

Data from Compass shows 66 percent of the workers living in Madelia work within 25 driving-miles from the city; 31.5 percent work in the city, 11.6 percent commute to St. James, 10.4 percent commute to Mankato, 5.7 percent commute to New Ulm, and 3.1 percent commute to Lake Crystal.⁶⁵

Table 13: Workers Living in Madelia with Identified Employer Location⁶⁵

Employer Location	No.	Driving Distance/ Miles*	Commute Time/ Minutes*	%
Madelia	309	<2	<10	31.50%
Lake Crystal	30	12	15	3.10%
St. James	114	20	20	11.60%
Butterfield	14	24	25	1.40%
New Ulm	56	20	30	5.70%
Mankato	102	25	30	10.40%
North Mankato	24	25	30	2.40%
Fairmont	24	29	36	2.40%
Windom	14	42	41	1.40%
Minneapolis	10	116	120	1.00%
All other	285			29.00%

*Driving distances and commuting time calculated using Google Maps

⁵⁹ Google Maps, Madelia

⁶⁰ 2011-2015 American Community Survey 5-Year Estimates

⁶¹ <http://www.co.watonwan.mn.us/index.aspx?NID=242>

⁶² <http://www.mnaging.org/Advocate/Transportation.aspx>

⁶³ U.S. Census Bureau, American Community Survey, latest 5-Year Estimates

⁶⁴ Business Climate Assessment for the City of Madelia, Applied Economics, February 2018

⁶⁵ <https://www.mncompass.org/profiles/city/madelia>

Cost of Living

According to Applied Economics, Madelia has a lower average cost of living at 88 percent compared to the national average, which is the reference at 100 percent, and the state 104 percent. The median household income, however, is about 33 percent lower than the state.⁶³

Table 14: Quality of Life Indicators^{64, 65, 66}

	City of Madelia	State of Minnesota
Average Commute Time (minutes)	17.2	23.2
Percent Commuting 30 minutes or more	28%	31%
Cost of Living (100 equals U.S. Average)		
Composite Index	88	104
Grocery Items	103	104
Housing	54	103
Utilities	92	103
Transportations	106	102
Healthcare	114	106
Msc. Goods and Services	105	105
Median Home Price	\$100,100.00	\$190,800.00
Crime Rates per 100,000 Population		
Violent	134	243
Property	848	2,133

Housing

Since 2010, the number of households in Madelia has remained constant around 906 with a near-constant rate of about 2.4 people per household.⁶⁷ There is a total of 1,078 housing units in Madelia, 891 of which are occupied comprising 87.5 percent of total units. Owner-occupied units comprise 67.8 percent of those and renter-occupied comprise 32.3 percent. About half of all owner-occupied units have a mortgage.⁶⁸

A household is considered cost-burdened if it spends over a third of its income on housing costs. According to the U.S. Census Bureau, 30.7 percent of households in Madelia were cost-burdened in 2016, compared to 27 percent of the state; disaggregated by type, 20 percent of owners and 51 percent of renters were cost-burdened.⁶⁹

Table 15: City of Madelia Population and Households Historical Estimates 2000 - 2017⁷⁰

Year	Total Population	Households	Persons Per Household
2016	2,290	906	2.44
2015	2,303	908	2.44
2014	2,320	909	2.46
2013	2,320	906	2.47
2012	2,319	905	2.47
2011	2,307	899	2.47
2010	2,308	900	2.47
2009	2,201	908	2.34
2008	2,252	918	2.37
2007	2,283	921	2.39
2006	2,299	918	2.4
2005	2,303	917	2.41
2004	2,307	915	2.42
2003	2,320	916	2.43
2002	2,330	915	2.44
2001	2,343	915	2.46
2000	2,340	911	2.46

⁶³ Business climate assessment for the City of Madelia, Applied Economics, February 2018

⁶⁴ U.S. Census Bureau, American Community Survey, 2016, 5-year estimates

⁶⁵ Sperling's Best places website, January 2018

⁶⁶ 2016 FBI Uniform Crime Report

⁶⁷ MN State Demographic Center Population Estimates, 2017

⁶⁸ 2011-2015 American Community Survey 5-Year Estimates

⁶⁹ <https://www.mncompass.org/profiles/city/madelia>

⁷⁰ MN State Demographic Center, Metropolitan Council, and U.S. Census Bureau. Released July 2017.

Madelia has a higher percentage of houses built before 1940 (29.8%) compared to the state (16.8%) and the nation (13.0%), but lower than the county (40.9%), creating a situation that might increase the risk of lead poisoning from deteriorated lead-based paint for children under seven years old.⁶⁴ Approximately 70 percent of Madelia's single-family homes, however, are in good condition. The remaining houses are in poor condition with two percent in the stages of deterioration.

Senior housing is available at Amberfield Place, where half of its 20 units include assisted living services. Senior housing is also available at Hartshorn Manor which has 38 units for adults over 50 years of age or with disabilities. There is a growing need for additional senior housing as the population over 65 years is expected to grow in the next decade.

There is increased demand for one level, two-bedroom units that include a two-car garage. There are several apartment complexes, the three largest being Amberfield Place General with 24 units and RBG and Parkview Apartments with 16 units each. The Madelia Mobile Village consists of 63 privately owned homes.

Security

The Madelia Police Department is a community-oriented police agency focused on the safety of its citizens and neighborhoods to provide an excellent quality of life for all. The Madelia Police Department is staffed by three full-time police officers and additional part-time officers under the direction of the Chief of Police. The Madelia Police Department is a full-service police department responsible for all criminal investigations, enforcement of Minnesota statutes, local ordinance enforcement, and animal control within the city limits 24 hours a day, seven days a week.⁷¹

Reported total annual crime rates and violent and property crime rates in Madelia are significantly lower than those in the state, and the nation.⁷² For instance, the city reported 134 violent crimes per 100,000 population in 2016, which is significantly lower than the rate for the state at 243 violent crimes per 100,000 population. Property crime rates in Madelia are also much lower than the state average at 848 per 100,000 population versus 2,133.⁷³

Several community programs are offered and run through the city's emergency services and other facilities. The Madelia Fire Department runs fire safety programs in schools and offer free safety vests for bikers, runners, and walkers. The Madelia Police Department also runs safety programs in public schools about bike safety and wearing helmets.



⁷¹ <https://www.madeliamn.com/city-services/police-department/>

⁷² <https://www.areavibes.com/compare-results/?place1=Madelia%2C%20MN&place2=Mankato%2C%20MN&place3=St.%20James%2C%20MN&place4=Blue%20Earth%2C%20MN#cri>

⁷³ Crime rates are uniformly presented by the FBI on a basis of crime offenses reported per 100,000 population, even for cities with a population of much less than 100,000

Quality of Education

In 2016, Madelia had a lower student-per-teacher ratio (14:1) and higher share of experienced teachers. The city reports comparable per-student spending to the state but much lower graduation rates and lower college enrollment.⁷⁴ According to Minnesota state test scores, 53 percent of students in grades 3-8 are at least proficient in mathematics and 48 percent of students in grades 3-8 and 10 in reading,⁷⁵ compared to 61 and 60 percent respectively at the state level. Madelia secondary receives a CollegeSimply academic rating well below the average for Minnesota high schools based on its low test performance and low graduation rate.⁷⁶

Madelia residents enjoy the beauty of their natural surroundings, the Watonwan River, the public park system, golf course, restaurants, the library, the hotel, historical sites, the historic Madelia Theater, Watonwan County Historical Society, Watonwan County Historical Museum, the American Legion/Veterans of Foreign Wars (VFW) facilities, and variety of community-based recreational activities.

Community Facilities

Madelia has several community facilities including city hall, the police and fire station, Madelia Liquor Store, library, golf course and swimming pool. Park Days and other festivals, as well as arts fairs, are held here. The Madelia Community Theatre holds seasonal concerts for the Madelia area schools band and coral ensembles as well as vocal concerts for St. Mary's School.

Madelia has approximately 26 acres of public parks, most of which comprises Watona Park. Three acres of designated public park land is located next to Madelia Elementary School and has a playground and basketball court. Watona Park is north of the Watonwan River and offers picnicking areas, camping, baseball fields, playground equipment, a nine-hole golf course and an outdoor swimming pool with slide. Biking and hiking trails are available to the public as well as other smaller parks maintained by service organizations. Additionally, there is a movie theater and bowling alley in the city which are open to people of all ages.

The city also maintains a community garden where residents plant fruits and vegetables for consumption. A hunting reserve for duck, geese, and pheasant is available due to the conversion of a series of wastewater treatment ponds into a rich resource of small game for recreational hunters.

There is a City of Madelia Summer Recreation program that promotes an active lifestyle and offers t-ball, softball, and baseball leagues for students. The city promotes healthy living by providing recreational facilities such as the golf course and pool and by supporting local business such as Anytime Fitness, Madelia Chiropractic, and Madelia Optometric.

Healthcare facilities in the city include Madelia Community Hospital and Clinic and Luther Memorial Home. The Madelia Community Hospital and Clinic (MCHC) has been caring for members of the community for 100 years. It is a private, non-for-profit, 25-bed critical access hospital that offers primary health services such as emergency care, laboratory, radiology, surgical care, physical therapy and home care. In 2011, the facility expanded to include a family medical clinic in addition to its urgent care and hospital. In 2015, MCHC was recognized by the U.S. Department of Health and Human Services and the Minnesota Hospital Association for enhancing patient safety through the Partnership for Patients initiative. In the summer of 2016, the Minnesota Department of Health re-designated the MCHC as a Level 4 trauma hospital. These achievements among many others make the Madelia Hospital a pillar of the community and an important gathering place for community members to come together and participate in health and wellness events.⁷⁷

28 ⁷⁴ Business Climate Assessment for the City of Madelia, Applied Economics, February 2018

⁷⁵ <https://www.niche.com/k12/d/madelia-public-school-district-mn/>

⁷⁶ <http://www.collegesimply.com/k12/school/madelia-secondary-madelia-mn-56062/>

⁷⁷ Madelia Community Hospital and Clinic, <https://www.mchospital.org/>



CHAPTER 3

Supply Chain Analysis

Supply analysis identifies the types of related buyer and supplier industries that may be good potential targets and their relative importance to the existing industry clusters in terms of the share of total purchases made from each industry. The analysis provides an indication of potential industries for which there may be gaps in local supplier demand.⁷⁸

The economic base analysis for the City of Madelia and Watonwan County signals agriculture and food processing as the primary industries for the supply chain analysis. Input-output data used in this analysis distributes the value of production back to all contributing sectors. In a local economy, however, not all of the value supplier purchases will be captured locally.

According to Applied Economics, the only non-farming industries where there may be a gap in the region would be support activities for crop production, which has expanded significantly in Watonwan County during the period 2010-2016. Suppliers to other major manufacturing industries in the region, including commercial printing, plastic products, stone products, farm machinery and motors and generators are more diverse and may present more opportunities to attract non-resource-based industries for which there are already demand from local manufacturers. The report portrays a solid base to create jobs and demand for local goods and services, which contribute to the economic resiliency of the city, including manufacturing, health services and construction industries.

Target Industry Analysis

The unit of analysis for the target industry was a 12-county region (Watonwan, Blue Earth, Brown, Cottonwood, Faribault, Jackson, Le Sueur, Martin, Nicollet, Nobles, Sibley and Waseca counties), in which economic growth has been below the national rate since 2010; six percent compared to 14 percent.⁷⁹

In 2016 the largest sectors in the region were: services (41,829 jobs), manufacturing (24,654 jobs), retail trade (14,760 jobs), construction (5,098 jobs), wholesale trade (4,884 jobs), agriculture (3,985 jobs), finance and insurance (3,467 jobs), and information (2,136 jobs). The largest industry was limited-service restaurants (3,485 jobs), followed by commercial printing (3,353 jobs), full service restaurants (3,270 jobs), general medical and surgical hospitals (3,130 jobs), animal production (3,115 jobs), supermarkets and other grocery stores (3,036 jobs), offices of physicians, except mental health (2,819 jobs), nursing care facilities (2,758 jobs), and vocational rehabilitation services (2,356 jobs).⁸⁰

There were 232 lost jobs in the region, including losses among 27 of the 100 largest employers. The largest job loss was in the animal, except poultry, slaughtering industry which lost 1,083 jobs, followed by general medical and surgical hospital which lost 908 jobs, nursing care facilities lost 671 jobs, continuing care retirement communities lost 608 jobs, and residential disability facilities lost 606 jobs.

Fifty-five industries closed facilities and production plants in the region, which translated into 1,155 jobs lost. The largest losses were in professional employer organizations which dropped 141 jobs, soft drink manufacturing dropped 130 jobs and automobile manufacturing dropped 105 jobs.

⁷⁸ Economic Base analysis for City of Madelia and Watonwan County prepared by Applied Economics, January 2018

⁷⁹ <https://www.epi.org/press/since-2010-minnesotas-economy-has-outperformed-wisconsins-by-virtually-every-available-measure/>

⁸⁰ IMPLAN ES202 data, Bureau of Labor Statistics Industry Employment and Output Predictions, October 2017

The strongest growing sectors and industries in the 12-county region over the six years period 2010-2016 were:

- services (1,669 new jobs)
- offices of physicians, except mental health (1,166 new jobs)
- construction (983 new jobs)
- transportation (953 new jobs)
- home health care services (889 new jobs)⁸¹

See Appendix 2 *Watonwan County and 12-County Region, Industry Trends (2010-2016)*.

In addition to the 13 industries with the strongest growth in the region described previously, 348 industries created new jobs. For instance, seven industries created between 201 and 300 new jobs; 30 industries between 101 and 200 new jobs; and 312 industries created one to 100 new jobs. The 43 new industries to the region that created 1,255 new jobs: Electronic connector (created 441 new jobs), frozen cakes and other pastries (233 new jobs) and bottled water (105 new jobs), the other 40 new industries created 476 new jobs. See Appendix 2 *Industry Trends Watonwan County and 12-County Region 2010-2016*.

Similar analysis for Watonwan County shows that in 2016 the largest sectors in the county were manufacturing, providing 1,262, 37.3 percent of the available 3,377 jobs, followed by services, 931 jobs (27.3% of the total available jobs), retail trade 365 (10.8%), construction 258 jobs (7.6%), transportation 164 jobs (4.9%), and finance and insurance 134 jobs (4%). All these sectors added new jobs, except services which lost two jobs.⁸¹

Table 16: Watonwan County Employment Growth by Sectors 2010 - 2016⁸²

Sector	Employment				Growth 2010-16	
	2010		2016		Absolute	%
Total	3,114	100.0%	3,377	100.0%	263	8%
Manufacturing	1,135	36.4%	1,262	37.4%	127	11%
Services	933	30.0%	931	27.6%	-2	0%
Retail trade	321	10.3%	365	10.8%	44	14%
Construction	176	5.7%	258	7.6%	82	47%
Transportation	155	5.0%	164	4.9%	9	6%
Finance and Insurance	141	4.5%	134	4.0%	-7	-5%
Wholesale Trade	116	3.7%	87	2.6%	-29	-25%
Agriculture	49	1.6%	83	2.5%	34	69%
Information	47	1.5%	33	1.0%	-14	-30%
Mining	14	0.4%	31	0.9%	17	121%
Real State	20	0.6%	18	0.5%	-2	-10%
Utilities	6	0.2%	11	0.3%	5	83%

⁸¹ Target industry analysis for the City of Madelia, Applied Economics. March 2018

⁸² IMPLAN ES202 data, Bureau of Labor Statistics Industry Employment and Output Projections, October 2017; Census Bureau Survey of Plant Capacity Utilization, Q3 2017

Data shows the larger industries in the county were poultry processing that provided 853 jobs in 2016, adding the larger number of new jobs (209) a 32 percent growth, followed by meat processed from carcasses that added 248 new jobs, also a 32 percent growth, general medical and surgical hospitals (171 jobs), which lost eight jobs, a seven percent loss; nursing care facilities (115 jobs), which also lost 86 jobs a 43 percent loss; gasoline stations with convenience stores (105 jobs, which created 74 new jobs; commercial banking (104 jobs), which created nine new jobs; full-service restaurants that provided 100 jobs, 32 new, for a growth of 47 percent; and residential disability facilities that created all its 99 new jobs.

The larger number of job losses were in janitorial services, 111 (99% loss), automobile manufacturing which lost all of its 105 jobs, and animal slaughtering, except poultry, which lost 103 jobs (92%).^{83, 84}

Data also show that some industries are leaving the county including: automobile manufacturing (105 jobs), home centers which (25 jobs), and machine shops (17 jobs). These closings increased the concentration of jobs and overall county vulnerability. However, new industries are arriving. Residential disability facilities created 99 new jobs, temporary help services created 68 new jobs, discount department stores created 32 new jobs, farm machinery and equipment manufacturing created 27 new jobs, child care services created 25 new jobs, optical instrument and lens manufacturing created 25 new jobs, all other business support services opened 21 new jobs, and food service contractors also created 18 new jobs.⁸³

There are some job adjustments in industries where jobs lost in one sector were replaced in another. In health services sectors the 86 jobs lost in nursing care facilities were replaced by 99 new jobs in residential disability facilities. In the food and kindred products sector the 103 jobs lost in animal slaughtering (except poultry slaughtering) were absorbed by the new jobs added into poultry and meat processing industries. There was also a response to the child care services need, observed with the creation of 25 new jobs in the county. *See Appendix 2 for more detailed information.*

The strongest growing sectors and industries in the county over the six years period 2010-2016 were: manufacturing which added 127 jobs, construction with 82 new jobs, retail trade with 44 new jobs, and agriculture with 34 new jobs.

In addition to the eight strongest industries described previously, 119 industries created 1,461 new jobs. *See Appendix 2 Industry Trends Watonwan County and 12-County Region 2010-2016.*



There is a concentration of employment in a few industries: manufacturing, services, retail trade and construction that together account for approximately 80 percent of the total jobs in the county. Although manufacturing is the dominant sector, employment is concentrated in two industries: poultry (853 jobs) and meat (248 jobs) processing that make up 87 percent of manufacturing employment and 33 percent of total employment in Watonwan County. *See Appendix 2 Industry Trends Watonwan County and 12-County Region 2010-2016.*

Projected Growth Industries Nationally

Among the industries with high employment growth, home health care and information services are dominant. These specific high employment growth industries also have positive projected output growth. In contrast, three of the seven industries with the highest projected output growth have negative employment projections. These include all other telecommunications, satellite telecommunications and telecommunications resellers industries where future technological changes and cost pressures will reduce overall labor demands but increase skill requirements over the next ten years. Industries with high projected output growth include information (libraries and archives, all other information services, news syndicates, internet publishing and web search portals), health care (offices of physicians), and museums, zoos, historical sites, and nature parks industries.⁸⁵ *See Appendix 2 Watonwan County and 12-County Region, Industry Trends 2010 - 2016.*

Local Industry Specializations

Local quotients (LQ) were used to determine the region's share of total employment in a particular industry. Industries with location quotients greater than one are considered serving customers outside the local area and technically represent export or non-local serving industries. The industry with the greatest LQ in the region in 2016 was creamery butter manufacturing (145.58), followed by scale and balance manufacturing (91.03), soybean and other oilseed processing (69.42), cut stone and stone product manufacturing (36.35), and ethyl alcohol manufacturing (32.64). In contrast, in Watonwan County the industry with the largest LQ was poultry processing (132.87), followed by meat processed from carcasses (72.53), optical instrument and lens manufacturing (46.34), construction sand and gravel mining (40.03), and industrial building construction (20.2). Only poultry processing and meat processed from carcasses, however, had LQ larger than 1.5 at the regional level, 4.21 and 4.26 respectively.⁸⁶

⁸⁵ Target industry analysis for the City of Madelia, Applied Economics, March 2018

⁸⁶ IMPLAN ES202 data by county, Bureau of Labor Statistics Industry Employment and Output Projections, October 2017

City of Madelia's State of Competitiveness

According to Applied Economics' Madelia Target Industry Analysis, the attractiveness of a business environment is determined by many factors as corporate executives decide where to expand or locate their businesses. It is important to remember, however, that each project or company may prioritize these factors differently depending on their specific needs. Competitive communities that successfully influence their local economy are prepared for investment before it happens. They rank very high for all the components depicted in Figure 8.⁸⁷

Figure 8: City of Madelia's State of Competitiveness



The Madelia Business Climate Summary table shows the results of the assessment of Madelia's competitiveness for key site selection factors. The rating scale includes *Strength*, *Neutral*, and *Weakness*.⁸⁷

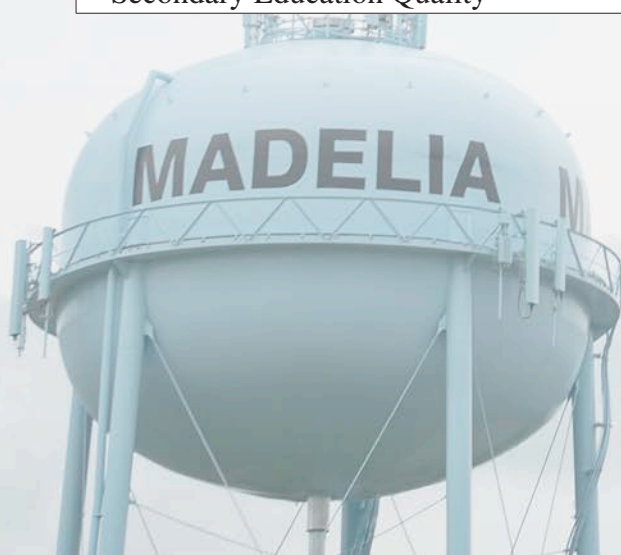
Strengths are assets that Madelia can use to its economic development advantage. They point to market opportunities. The goal is to preserve and market these strengths, and to shift neutrals and weaknesses to strengths.

Neutrals are location factors that generally do not distinguish Madelia from other locations in the region.

Weaknesses are shortcomings in the local business climate. Some of these can be influenced or corrected through local actions, some cannot. Regardless, these weaknesses will eliminate certain industries as potential targets.

Table 17: Madelia Business Climate Summary

Business Climate Factor	Strength/Weakness
Population and Demographics	
Age Structure	Strength
Household Income Growth	Weakness
Per Capita Income	Weakness
Diversity	Strength
Workforce	
Educational Attainment	Weakness
Share of Population Enrolled in Higher Education	Weakness
Residents in Management and Technical Occupations	Weakness
Residents in Manufacturing and Material Moving	Strength
Labor Force Growth	Weakness
Unemployment Rates	Strength
Labor Force Participation	Strength
Economy	
Projected Employment Growth	Weakness
Industry Diversification	Strength
Retail Sales Per Capita	Weakness
Market Access	Neutral
Real Estate	
Available Sites and Buildings	Weakness
Construction Costs	Strength
Taxes	
Sales Tax Rate	Strength
Property Tax Rate	Strength
Economic Market Value (EMV) Growth	Weakness
Quality of Life	
Commuting	Strength
Housing Affordability	Strength
Crime Rates	Strength
Entertainment and Cultural Amenities	Weakness
Secondary Education Quality	Weakness



Industry Screening and Recommendations

Applied Economics' first screen of the industry trend data when applied to all industries in the 12-county region provides a universe of potential target sectors for further refinement. The results of this screening process are organized to group interdependent industries together, including primary producers with related suppliers and other support industries.

The screening criteria applied to regional industry trends, include:

- Export industries with 10 percent or more employment growth from 2010 to 2016 OR a local growth rate from 2010 to 2016 greater than the national rate
- Positive projected national output and employment growth
- Manufacturing capacity utilization of 65 percent or higher
- Average wages above \$40,000
- Current regional employment of at least 50

The results of the initial screening were then evaluated against Madelia's strengths and weaknesses to determine targets that are a *best fit* for the community. Input from Region Nine Development Commission was used to further modify the potential list of industries. Based on Madelia's current state of competitiveness, the screened industries were edited and amended to match industry needs with Madelia's capabilities.⁸⁸

Applied Economics' final recommended target sectors are listed in Appendix XXX. The list includes some of the industries from the initial screen that are a good fit for the type of workforce available in Madelia and the character of the community such as machinery and fabricated metals or logistics. It also includes some additional sectors that have an existing presence in the community such as food processing. Although some of the target industries do not currently exist in Madelia, they have a presence in the region. These industries have shown job growth in the region since 2010 and have positive projected future growth nationally. They also are generally consistent with the types of assets that Madelia currently has to offer businesses.⁸⁸ Appendix XXX describes Applied Economics' target industry recommendations.

Data show that Madelia's economy is largely dependent on a few large manufacturing industries and regional health care. The majority of existing commercial development includes retail and other local-serving businesses. The primary factor that is preventing the city from competing for economic development prospects in the near term is the lack of commercial and industrial space, and to the size and skill levels of the local workforce.⁸⁸

The best short-term targets recommended by Applied Economics include food processing and machinery and fabricated metal product manufacturing. These industries are a good fit with the existing workforce and are more likely to be willing to construct a new facility rather than purchase an existing facility. Retail and restaurants are also short-term targets, provided that the city can demonstrate potential demand for specific products from the larger region.⁸⁸

Long-term targets include logistics and back office. These would typically be smaller operations. The logistics targets include e-commerce fulfillment (electronic shopping), which may have some limitations due to lack of interstate access. For back office, small to mid-sized companies are going to be looking for existing space to lease, which Madelia cannot offer at this time, and a high-speed Internet connection. It may be possible, however, to re-purpose existing space for this type of user.⁸⁸

Target Industries:

Food Processing
Machinery & Fabricated Metals
Logistics
Back Office
Retail & Restaurants

Food Processing

There is already a large base of meat and poultry processing in the county that accounts for a disproportionate share of local employment. The target industries shown here are within the same sector but could provide diversification. They include animal food, which would be a supplier to existing industries in the region, as well as butter, spices and extracts and bottled water. There are only a small number of establishments in the region in these areas of food processing, but they have shown significant growth since 2010.

There are currently 2,157 establishments in the U.S. within the four target industries for Food Processing (Table 18). The majority of these establishments have less than 50 employees and the average size is 28 employees with an average wage of \$38,000. A typical operation of 28 employees would require about 15,000 square feet of manufacturing space and make a capital investment of \$9.3 million, or about \$336,000 per employee. Note that square footage and capital investment would vary depending on the specific industry type.

Table 18: Food Processing Pro-Forma

Total U.S. Establishments	2,157
Number of Establishments by Employment Size	
Under 20	1,372
20 to 49	505
50 to 99	154
100 to 249	105
250 to 500	17
500 or more	4
Average Employees per Establishment	28
Average Wage	\$38,136
Square Footage*	15,164
Average Capital Investment*	\$9,255,348
<i>*Based on average employees per establishment</i>	

Machinery and Fabricated Metals

Madelia has a strong base of manufacturing workers and there is an existing farm machinery manufacturer in the county. Precision turned products and construction machinery would both be new industries for the county, although there are existing firms in the region. Precision turned products include bolts, nuts and screws that are used by a wide range of other manufacturing industries. Construction machinery could be a good fit given the significant increase in construction employment in the region in recent years.

There are currently over 4,200 establishments in the U.S. within the two target industries for Machinery and Fabricated Metals (Table 19). These establishments tend to be somewhat larger with an average of about 39 employees at an average wage of \$52,000 per year. A typical operation of 39 employees would require about 27,000 square feet and make a capital investment of \$11.0 million, or about \$281,000 per employee.

Logistics

Warehousing and storage is a support industry for both agriculture and manufacturing. Given that Madelia has rail access, the focus would most likely be on durable products that could be shipped by rail rather than products that are primarily shipped by truck and would require interstate access. Electronic shopping, which is also part of this target industry cluster, includes sales and order fulfillment for products purchased via internet, catalog or television shopping networks. Madelia offers a low-cost location for this activity that can occur outside of major urban areas.

There are a large number of warehousing and non-store retail operations in the U.S. with over 39,000 establishments (Table 20). Over 84 percent have less than 20 employees, but there are also 355 firms with more than 500 employees. Logistics operations typically have much lower employment per square foot than manufacturing. The typical establishment has 23 employees at an average wage of \$45,000 in 28,000 square feet, although size will vary depending on the level of automation. Capital investment is lower than for manufacturing at an average of \$70,000 per employee.

Table 19: Machinery & Fabricated Metals Pro-Forma

Total U.S. Establishments	4,252
Number of Establishments by Employment Size	
Under 20	2,501
20 to 49	998
50 to 99	428
100 to 249	240
250 to 500	54
500 or more	31
Average Employees per Establishment	39
Average Wage	\$52,185
Square Footage*	27,306
Average Capital Investment*	\$10,965,053
<i>*Based on average employees per establishment</i>	

Table 20: Logistics Pro-Forma

Total U.S. Establishments	39,245
Number of Establishments by Employment Size	
Under 20	33,242
20 to 49	2,893
50 to 99	1,302
100 to 249	998
250 to 500	455
500 or more	355
Average Employees per Establishment	23
Average Wage	\$44,823
Square Footage*	28,094
Average Capital Investment*	\$1,635,527
<i>*Based on average employees per establishment</i>	

Back Office

Administrative services could include remote management and support services related to billing and record keeping, personnel and logistics on a contract basis. The challenge with back office is that these types of businesses typically desire to move into existing office space. While Madelia has a very limited inventory of office space, these types of businesses could also be housed in space previously used for retail or other types of services.

There are over 31,000 establishments in office administrative services in the U.S., the majority of which have less than 20 employees (Table 21). The average establishment size is 14 employees. Back office operations have higher average wages than the other target sectors at \$65,000, but wages will vary depending on the types of administrative functions and skill requirements. An average sized firm would require about 2,800 square feet of office space and the average capital investment for this size of operations is about \$113,000.

Restaurants and Retail

While retail and restaurants are generally local-serving and not typically included in a target industry analysis, they are included here to expand the range of potential opportunities for Madelia, given some of the city's workforce and real estate availability constraints. While these targets would need to be verified through a retail gap analysis, they do represent industries that are growing in the region. The focus for retail targets is on specialty stores that may be able to draw customers from beyond the city. In terms of restaurants, there is a large Hispanic population in the local area that may support additional Mexican food restaurants.

Table 21: Back Office Pro-Forma

Total U.S. Establishments	31,372
Number of Establishments by Employment Size	
Under 20	27,084
20 to 49	2,569
50 to 99	983
100 to 249	535
250 to 500	134
500 or more	67
Average Employees per Establishment	14
Average Wage	\$64,607
Square Footage*	2,824
Average Capital Investment*	\$113,349
<i>*Based on average employees per establishment</i>	

Table 22: Restaurants & Retail Pro-Forma

Total U.S. Establishments	439,421
Number of Establishments by Employment Size	
Under 20	324,381
20 to 49	80,522
50 to 99	28,746
100 to 249	5,515
250 to 500	225
500 or more	32
Average Employees per Establishment	16
Average Wage	\$19,694
Square Footage*	8,221
Average Capital Investment*	\$710,630
<i>*Based on average employees per establishment</i>	

There are over 439,000 retail and restaurant outlets in the U.S. just within the 13 selected industry codes that are recommended targets for Madelia (Table 22). The average establishment has about 16 employees, depending on size and hours of operation. Average wages are lower than for the other target sectors at about \$20,000 and many of the jobs are part time. A store or restaurant is generally around 5,000 square feet but may be smaller depending on the type of store. The average capital investment for this size of operation is estimated at \$711,000.

CHAPTER 4



Watonwan County Portfolio Innovation Index

Innovation has been promoted as one of the best strategies for resiliency. For this reason, it is important to assess how a county is developing an environment that stimulates and facilitates innovation. The Portfolio Innovation Index combines multiple variables in a composite index, which provides a single, high-level snapshot to evaluate innovative capacity, innovation outcomes and economic progress compared to the nation and other counties.⁸⁹

The Portfolio Innovation Index (PII) is a tool that measures innovation in five index categories, three based on inputs and two based on outputs. Each innovation input index (human capital and knowledge creation, business dynamics, and business profile) has the same level of importance, while the innovation output index employment and productivity is given more emphasis than the input indexes and the innovation output index economic wellbeing is given less emphasis than the input indexes.⁹⁰

Watonwan County's overall PII (71.7) suggests a very low relative capacity for innovation, ranking 2,687 among 3,110 counties in the country, with manufacturing as the dominant sector of its economy. Watonwan County has a normal input index ranking in human capital and knowledge creation (1,795), excels in input measure patent technology diffusion (34), and has low rankings in input indexes of business dynamics (2,559) and business profile (2,559) compared to other counties in the country. These low-ranking innovation input indexes are reflected in the innovation output indexes, which show that employment and productivity has a very low-level ranking (2,767), and economic wellbeing has a normal level ranking (1,208).⁹¹

Watonwan County economic wellbeing output index has a normal level ranking thanks to the following measures: per capita personal income growth, income inequality, poverty rate, and unemployment rate, which rank between 548 and 779 in the country. The input index human capital and knowledge creation, business dynamics, and business profile have several measures each with normal to high rankings. The human capital and knowledge input index has measures of population older than 25 with associate degree, knowledge creation and technology diffusion, and patent technology diffusion ranked between 34 and 859 in the country. The input index business dynamics has the measure of change in the ratio establishment births to all establishments with a ranking of 971 in the country. The business profile input index has the measures of small establishments, proprietorship, change in proprietorship rate, and availability of capital from all banks, ranked between 293 and 971 in the country. Similarly, in the county output index employment and productivity, the measures cluster strength and change in GDP per worker are ranked 467 and 718 in the country respectively as it is shown in Appendix XXX Region Nine County Portfolio Innovation Indexes.

The standardized Innovation Index was used to compare the county performance in relation with the national standardized average (100). The index is comprised of four index dimensions human capital, economic dynamics, productivity and employment, and economic wellbeing (Figure 1), the higher scoring counties tend to exhibit high levels of inputs and outputs, while the lowest scoring counties might have low levels of inputs and outputs. Although there is not a clear combination of factors that define an innovative region, however, an innovative county may be expected to perform at or better than the national average in at least one category.⁹²

Watonwan County's Standardized Innovation Index (70.3) is one of the 1,946 counties with low input and output indexes that does not have any input or output innovation index value greater than the national average.⁹² The input indexes analyzed provide a cross section view of opportunities for advancement that would lead to the improvement of the county economic resiliency.

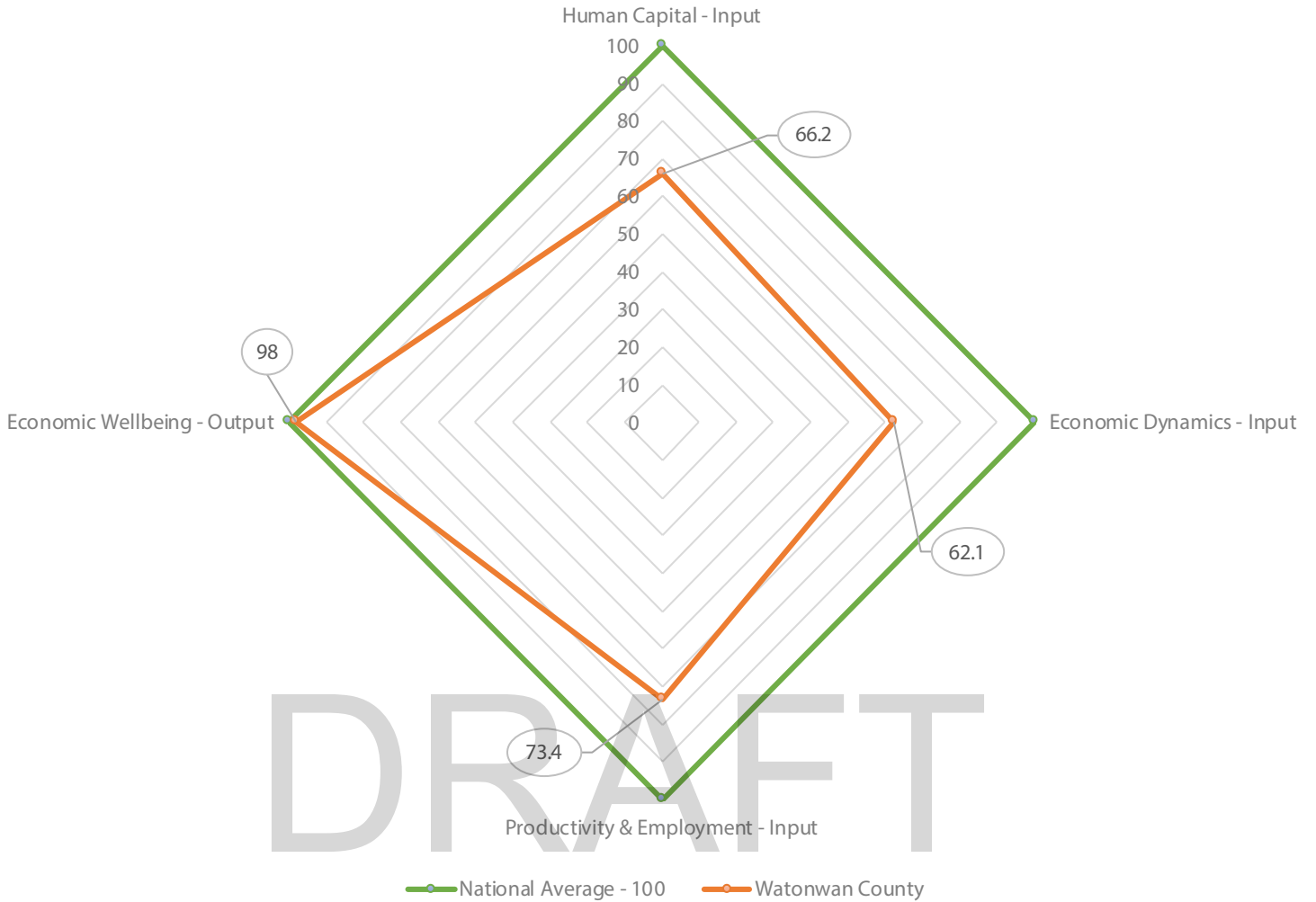
⁸⁹ <http://www.statsamerica.org/innovation/reports/sections2/4.pdf>

⁹⁰ Driving Regional Innovation: The Innovation Index 2.0 2016. Indiana Business Research Center. Page 7

⁹¹ <http://www.statsamerica.org/ii2/overview.aspx>

⁹² <http://www.statsamerica.org/innovation/reports/sections2/4.pdf>, Pages 87-8

Figure 9: Watonwan County Portfolio Innovation Index Dimensions



Although the Watonwan County Portfolio Innovation Index suggests a very low relative capacity for innovation, there are strengths in the region, including patent technology diffusion, availability of capital from all banks, change in proprietorship rate, and cluster strengths that rank within the first 500 counties in the country (Appendix A).



There are strengths in the region, including patent technology diffusion, availability of capital from all banks, change in proprietorship rate, and cluster strengths.

There are also opportunities to improve; for instance, by sectors, during the period 2010 to 2016, Watonwan County employment has grown eight percent, adding 263 jobs led by:

- manufacturing sector that increased 11 percent, adding 127 jobs
- followed by the construction sector that grew 47 percent, adding 82 new jobs
- retail trade grew 14 percent, adding 44 jobs
- agriculture grew 69 percent adding 34 new jobs
- mining grew 124 percent, creating 17 new jobs
- transportation grew six percent creating nine new jobs
- utilities grew 86 percent, creating five new jobs

Job losses, however, have also been reported in wholesale trade, 29 (25% loss); information, 14 (30% loss); finance and insurance, seven (5% loss); real state, two (10% loss); and services, two (not significant percent loss).⁹³

Madelia Resiliency Capacity

The Madelia Economic Resiliency Plan uses qualitative and quantitative data at the city and county levels to establish a baseline that will serve to measure the success of further actions towards increasing the economic preparedness of the city to face future disturbances. There are several resiliency indexes that use historical and continuously gathered information to create predictive resiliency models. All of them consider people as the main component of a resiliency plan because resiliency depends first on the actions of people operating at the individual and neighborhood scale and in a larger scale community resiliency depends on the actions of different levels of government and its agencies at the local and regional levels when a disruptive extreme event occurs.⁹⁴

The following variables were analyzed for the city: Income inequality, economic diversification, educational attainment, disability, poverty, health-insured, and home ownership. Affordability, civic infrastructure analysis was performed at the county level because there were not data available for Madelia.

Income Inequality

Income inequality is measured by the GINI coefficient, which denotes the degree to which a population differs from perfect income equality.⁹⁵ The RCI calculates the inverse of each area's GINI coefficient so that higher values indicate greater equality and thus greater resiliency.

Madelia exhibits greater income equality than the county, state, and nation with a GINI index of 0.4116 compared to 0.4219 for the county, 0.449 for the state and 0.4804 for the nation. The RCI measure of income equality for Madelia is 0.5884 compared to 0.5781 (county), 0.551 (state) and 0.5196 (nation). A lower GINI index might also mean there is a generalized low income in the city compared to the state and the nation.

⁹³ IMPLAN ES202 data, Bureau of Labor Statistics Industry Employment and Output Projections, October 2017; Census Bureau Survey of Plant Capacity Utilization, Q3 2017

⁹⁴ A Framework for Defining and Measuring Resilience at the Community Scale: The PEOPLES Resilience Framework. C.S. Renschler, A.E. Frazier, L.A. Arendt, G.P. Cimellaro, A.M. Reinhorn, M. Bruneau.

⁹⁵ <http://brr.berkeley.edu/rci/site/sources>



Economic Diversification

Economic diversification measures the degree to which jobs in a community are spread across industrial sectors of the local economy.⁹⁶ The Bureau of Labor Statistics reports the number of jobs and employment for goods-producing, service-producing and government sectors for Watonwan County and the state. The county is comprised of 71 goods-producing, 196 service-producing and 18 government establishments which collectively employ just over 3,600 workers. Relative to the national economy, the county has a high diversification score. This means the percentage of jobs in each sector that comprises the local economy, mirrors the U.S. economy. A higher diversification score indicates greater economic resiliency.⁹⁷

Table 23: Madelia Share of Regional Employment by Sector⁹⁸

MADELIA SHARE OF REGIONAL EMPLOYMENT BY SECTOR											
NAICS	Description	12 County Region		Watonwan County		City of Madelia				Madelia Location Quotients	
		Jobs	Firms	Jobs	Firms	Jobs	Share of County	Firms	Share of County	Relative to Watonwan	Relative to Region
	Total	106,461	7,000	3,377	268	1,129	33%	85	32%		
31-33	Manufacturing	24,654	411	1,262	17	399	32%	5	29%	0.95	1.53
62	Health Services	20,342	716	456	20	285	63%	9	45%	1.87	1.32
44-45	Retail Trade	14,760	1,011	365	35	132	36%	13	37%	1.08	0.84
23	Construction	5,098	885	258	39	107	42%	14	36%	1.24	1.98
81	Other Services	3,492	611	116	27	58	50%	9	33%	1.49	1.56
52	Finance and Insurance	3,467	474	134	22	28	21%	5	23%	0.63	0.76
72	Accommodation and food services	8,962	543	197	21	28	14%	5	24%	0.43	0.3
51	Information	2,136	112	33	7	26	80%	4	57%	2.39	1.16
48-49	Transportation	4,080	356	164	23	21	13%	6	26%	0.39	0.49
53	Real Estate	878	185	18	4	16	90%	3	75%	2.68	1.73
54	Professional and technical services	3,141	398	36	11	11	31%	4	36%	0.92	0.33
42	Wholesale Trade	4,884	390	87	11	8	9%	2	18%	0.26	0.15
56	Administrative and support services	2,946	236	115	11	7	6%	4	36%	0.18	0.22
71	Arts, entertainment, and recreation	1,143	140	10	4	3	34%	2	50%	1.02	0.28

Source: IMPLAN ES202 2016 data by county for 12 County Region and 2015 County Business Patterns for Madelia zip code 56062.

By occupation, Data USA shows that in 2016 the larger number of employees in Madelia were working in production (15%), administrative, education, material moving, training and library, and management, each providing nine percent of the employment in the city. These sectors together account for 50 percent of the jobs in the city.⁹⁹

⁹⁶ <http://br.berkeley.edu/rci/site/sources>

⁹⁷ Economic Resilience and Vulnerability in the Rural West, Tsai, C. Y., Wilson, P. N., & Rahman, T. Department of Agricultural and Resource Economics. University of Arizona, Tucson, Arizona, U.S.A. Departmental Working Paper 2015-01

⁹⁸ IMPLAN ES202 2016 data by county

⁹⁹ <https://datausa.io/profile/geo/madelia-mn/#economy>

Table 24: City of Madelia Number of Employees by Occupation 2013-16⁹⁸

City of Madelia Number of Employees by Occupation 2013 - 16								
	2013		2014		2015		2016	
	No.	%	No.	%	No.	%	No.	%
Total	1,143	100%	1,181	%	1,183	100%	1,283	100%
Production	242	21%	205	17%	223	19%	195	15%
Administrative	143	13%	100	8%	139	12%	119	9%
Education, Training, & Library	66	6%	105	9%	97	8%	111	9%
Management	56	5%	87	7%	83	7%	110	9%
Material Moving	62	5%	80	7%	92	8%	110	9%
Sales	47	4%	82	7%	67	6%	85	7%
Cleaning & Maintenance	67	6%	61	5%	44	4%	64	5%
Construction & Extraction	83	7%	69	6%	66	6%	57	4%
Food & Serving	9	1%	24	2%	43	4%	49	4%
Health Technicians	24	2%	61	5%	49	4%	47	4%
Transportation	34	3%	39	3%	46	4%	45	4%
Healthcare Support	82	7%	71	6%	68	6%	45	4%
Community & Social Service	7	1%	14	1%	11	1%	43	3%
Business & Financial Operations	39	3%	44	4%	27	2%	40	3%
Personal Care & Service	55	5%	24	2%	17	1%	31	2%
Law Enforcement Supervisors	8	1%	12	1%	22	2%	27	2%
Health Practitioners	32	3%	22	2%	22	2%	25	2%
Installation, Maintenance, & Repair	40	3%	25	2%	25	2%	22	2%
Arts & Recreation	6	1%	6	1%	4	0%	16	1%
Life, Physical, & Social Science	6	1%	12	1%	18	2%	15	1%
Architecture & Engineering	18	2%	18	2%	11	1%	13	1%
Computer & Mathematical		0%		0%		0%	5	0%
Farming, Fishing, & Forestry	9	1%	10	1%	5	0%	5	0%
Legal	5	0%	6	1%	4	0%	4	0%
Fire Fighting Supervisors	3	0%	4	0%		0%		0%

Affordability

A household is cost-burdened if it spends over one-third of its monthly income on housing. Madelia’s average household size is 2.5, which is slightly above the state average of 2.4.¹⁰⁰ The percentage of a population that is not cost-burdened is one indicator of economic stability and affordability in a community.

Watonwan County data fares much better than the state and the nation. About 72 percent of renters and 85.5 percent of residents with a mortgage in the county spend less than 35 percent of their monthly income on housing. Statewide, this percentage is almost 10 percentage points lower for renters. Nationwide, the number of cost-burdened households are higher.¹⁰¹ According to the U.S. Census Bureau, however, 30.7 percent of households (20% of owners and 51% of renters) in Madelia were cost-burdened in 2016, compared to 27 percent of the state.¹⁰²

Educational Attainment

Another important metric of economic resiliency is educational attainment and enrollment which are indicative of how skilled a city’s workforce is. Educational attainment is also a measure of socioeconomic capacity.¹⁰³ Madelia has a lower percentage of high school graduates or GED (80.5%) than the state (92.6%) and the region (91.7%)¹⁰¹ and a much lower percentage of residents who hold a bachelor’s degree or higher at 23.9 percent compared to 45.2 in the state.

¹⁰⁰ U.S. Census Bureau, American Community Survey, latest 5-Year Estimates
¹⁰¹ 2012-2016 ACS Estimates

¹⁰² <https://www.mncompass.org/profiles/city/madelia>
¹⁰³ <http://brr.berkeley.edu/rci/site/sources>

Madelia's population older than 24 years also have lower educational attainment rates compare to the state and the nation; for instance, its higher-education rate for the population older than 24 years (17.4%)¹⁰⁴ is lower than the region (24.2%), the state (34.8%),¹⁰⁵ and the nation (30.%) and slightly higher than Watonwan County (16.3%).¹⁰⁶

Additionally, about 23 percent of the population is enrolled in school at some level but only three percent is enrolled in higher education versus seven percent for the state. Despite these differences, the younger age groups in the city are much more likely to have a college degree than the older age groups indicating potential growth in Madelia's percentage of highly skilled laborers in the future.¹⁰⁷

Disability

Disability is associated with social risk factors.¹⁰⁸ Madelia has a slightly lower proportion of its population reporting no disability than the county, state, and nation at 85.2 percent compared to 89.6, 89.4, and 87.5 percent respectively.¹⁰⁹

Poverty

Poverty is measured by the percentage of people in a community with income in the past 12 months below the federally designated poverty line and is indicative of socioeconomic vulnerability.¹⁰⁸ Madelia mirrors the national percentage of people living below the poverty line at 14.9 percent, while the county at 11.3 percent and state at 9.1 percent,¹¹⁰ report higher percentages of their populations out of poverty.¹⁰⁹ Madelia has a higher rate of single parents (10.6%) and people living alone (32.2%) compared to the county (9.4 and 32.3%), state (8.4 and 28.3%) and the nation (9.3 and 27.7%).¹¹⁰

Health-Insured

The percentage of a community's population that is covered by health insurance is indicative of the social, physical, and economic security of that population.¹⁰⁸ Madelia mirrors the county in this metric at 86 compared to 85 percent reported health care coverage in the county. These measures are significantly lower than the region and the state at around 94 percent covered. The city is comparable to the nation, however, which reports 88 percent of its population covered.¹⁰⁹

Civic Infrastructure

The quality of civic infrastructure can be measured by the number of civic organizations in a community.¹⁰⁸ This data was unavailable for Madelia due to its small size but available for the county and state from County Business Patterns. There are 12 civic organizations in Watonwan County, 124 in the region, and almost 2,500 in the state. The RCI index measures the number of civic organizations per 10,000 people. The county has approximately 11 civic organizations per 10,000 people; the state has about 4.52 per 10,000 people.¹¹¹

Home Ownership

Home ownership is a measure of residents' commitment to a community. This metric is calculated as the percentage of total occupied housing units occupied by people who are home owners.¹⁰⁸ Madelia has a lower percentage than the county, region, and state overall but trends with the nation at around 65 percent of housing units being owner-occupied. Comparatively, about 72-74 percent of housing units in Watonwan County, south central Minnesota, and the state are owner-occupied.¹⁰⁹

¹⁰⁴ <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

¹⁰⁵ <http://www.mncompass.org/workforce/educational-attainment#8-5325-g>

¹⁰⁶ <https://www.census.gov/quickfacts/fact/table/watonwancountyminnesota,US/PST045217>

¹⁰⁷ Business Climate Assessment for the City of Madelia, Applied Economics, February 2018

¹⁰⁸ <http://br.berkeley.edu/rci/site/sources>

¹⁰⁹ 2012-2016 ACS Estimates

¹¹⁰ U.S. Census Bureau, American Community Survey, latest 5-Year Estimates

¹¹¹ MN State Demographic Center Population Estimates, 2016



In Madelia, 274 residents lived in a different house the previous year out of 2,370 total residents over the age of one. This is just over 11 percent of the city's residents. Comparatively, about 860 or almost eight percent of the county's residents lived in a different house the previous year. At the statewide level, about 14.5 residents moved houses the previous year.¹¹²

Voter Participation

Voter participation is a measure of civic engagement and it is calculated as the percentage of a community's population over 18 who voted.¹⁰⁸ Citizens of voting age in Madelia comprise 74.7 percent of the total population, which is slightly lower than the county at 75.5 percent. Watonwan County has a slightly higher percentage of voter participation (60%) than the nation (56%). The region and state, however, have higher voter participation at 67 and 70.6 percent respectively.¹¹³



¹¹² US Census Bureau, 2016

¹¹³ <http://www.uselectionatlas.org/>

CHAPTER 5

DRAFT



Madelia, Weaknesses, Opportunities and Threats (SWOT) Analysis

As part of the planning process, residents participated in an economic resiliency planning process, completing a comprehensive strengths, weaknesses, opportunities and threats (SWOT) analysis. This analysis was conducted in a series of community engagement sessions in 2017, facilitated by Region Nine Development Commission and trained volunteers from the community known as the Madelia Community Ambassadors, and attended by Madelia residents. It addressed the topics of Community Arts, Community Facilities, Community Health, Housing, Land Use, Natural Resources, Parks and Recreation, Transportation, and Infrastructure as referenced in the Madelia Comprehensive Plan.

Strengths Across the Community

Madelia is an attractive community and residents are proud to call it home. Survey respondents rated Madelia a good place to live (93%), to raise children (88%), to work (76.5%) and for retirement (72%). Almost 60 percent of survey respondents reported living in Madelia over 21 years. Residents like the central location of Madelia in relation to the larger communities of St. James, New Ulm, Fairmont and Mankato, easily accessible through good four lane roads. It has an easy commute to Mankato, the regional center.¹¹⁴

Madelia is located on the edge of the Watonwan River, where the prairie and the big woods meet. It has abundant natural resources, starting with sunshine, fresh air, plenty of water and fertile land. The city is surrounded by agricultural and open land. In fact, there are 8,000 acres of good hunting land within 10 miles around Madelia. In addition, the city has invested in a strong well-maintained parks system particularly featuring beautiful Watona Park on the banks of the Watonwan River, complete with a swimming pool, golf course, campground, picnic area baseball diamonds and playgrounds that are well used by local residents and bring people to town.

Madelia also has a community garden and an active garden club. Madelia's parks and natural beauty were noted repeatedly as strengths. Along with these were recreational and outdoor activities. Many activities for all ages are featured in the parks such as Music in the Park, Art in the Park, evening swims, a stage which is used by many groups, soccer fields and green space in which to relax or picnic. The parks themselves, plus the swimming pool and golf course all add to the quality of life in the community, whether one uses them or not, residents say. Additionally, hiking, biking, and snowmobile trails provide recreational opportunities as do hunting areas out of town.

There has been consistent care and investment in the community from the city, businesses, homeowners, and the hospital. Active, dedicated volunteers contribute to community life and offer options for enrichment. Comprehensive health care is available in town which residents value. Madelia has talented people and many strengths in the arts with investment from the schools, businesses and civic organizations. Over 80 percent of survey respondents identified celebrating arts and culture as important.¹¹⁴

Madelia has many strengths and existing resources to leverage in the area of community arts. While challenges exist, investment in community arts holds great potential for revitalization and stimulating business development. The school music and theater programs educate children in the arts and provide many events and performances for all ages. Examples of performances include school music programs for band and choir, visual arts programs and children's theater. Student interest in the arts was noted as a community strength. This is important because support of the arts is a workforce issue for companies. The arts develop the kind of thinker and manager that businesses must have more of if they are to remain competitive in the global marketplace.

¹¹⁴ Madelia Community Survey, Region Nine Development Commission, 2017

Businesses are also investing in art by having artists create work to enhance the business. It was noted that there is plenty of display space for art in businesses and city buildings. Park space could also be a venue for art. Theater is also an important piece of the Madelia arts community. The historic Madelia Theater, home of many performances through the years, currently shows movies on Friday and Saturday nights. Another arts attraction is the annual Park Days Celebration. The Chamber of Commerce, in partnership with the city, civic organizations and a host of volunteers, holds Park Days every July. Park Days includes the River's Edge Art Fair, a free Blues Festival and other musical events.

The Watonwan County Library is a modern facility with a small multipurpose room for meetings and library programs. Many programs focus on reading or the arts. A drumming circle meets monthly and a Friendship Club plans day trips for adults over 50 years old, often including an art or historical component.



Madelia's history and its place on the outlaw trail act as an attraction to the city. The Younger Brothers, the last remnants of the James Gang, were captured eight miles west of Madelia in 1876. An artistic mural depicting the capture covers the entire side of the Madelia Chamber of Commerce building in downtown and the site of the capture, Hanska Slough, is a historic site. Each year, a reenactment of the shootout is held at the site. Original guns and other items of the Younger Brothers are exhibited at the Watonwan County Historical Society, located in Madelia which is made up of several displays and buildings, including an original log cabin. Visitors can choose to eat at several specialty restaurants; Madelia has La Plaza, the Fox Den and the American Legion. A new craft brewery opened in 2018.

Madelia has a variety of community facilities. The city hall is in the heart of downtown. It houses the city administration, police, fire and volunteer ambulance services. The Chamber of Commerce is located nearby. There are two public school buildings, a running track, a modern library and Watonwan County Historical Museum.

There is a hotel for overnight guests with standard rooms and kitchenette suites. The hotel has a small meeting room the community can use. In addition, there is recognition and appreciation for the American Legion which serves as a quasi-community center.

Madelia is well served in the area of community health by a variety of organizations and facilities providing a comprehensive array of health care. The hospital is locally-owned, which is a rare advantage for a rural community. There is also a clinic, a long-term care facility, physical therapy center, a mental health center, a dental center, optometrists and group homes for people with developmental disabilities.

A Statewide Health Improvement Program (SHIP) is housed at Watonwan County which also provides

services to Madelia advised by a local volunteer collaborative. The Madelia Community-based Collaborative focuses on improving the health and well-being of the citizens and families and the hospital offers health promotion and prevention classes. In 2003, Madelia as a community completed a *Lose a Ton* winter weight-loss program started just after the holidays. In this initiative, 300 residents lost a total of 2,430 pounds. A farmer's market in the summer brings access to healthy, local foods and a community garden encourages residents to grow fresh vegetables. Golf leagues and bowling leagues foster healthy, active lifestyle choices.

Madelia residents see their town as a clean town, attractive and livable. They say there is no “*wrong side of the tracks*”. Single family, affordable housing stock is a strength of Madelia. Most (70%) of houses are in good shape, well cared for and look attractive. Houses sell quickly in a strong seller's market. A construction business in town, a lumber yard and a hardware store, could facilitate the creation of more houses. A variety of housing is available from subsidized units, mobile homes, apartments, and single-family homes.

Land use in Madelia receives high marks from participants. The centrally located businesses district is well maintained and attractive. Storefronts are full and residents say Madelia has a great Main Street. Other streets are well laid out in an easy pattern making it simple to get around town and industry is kept separate from Main Street.

The sidewalks and streets are maintained, and a person can walk or bike anywhere in town. There is a corporate airport for private planes (no commercial air service), and a railroad. The city has necessary infrastructure and residents in the community engagement sessions stated that city employees “*plan for the future- we have forward thinking employees.*” The city has a generator, water and wastewater treatment plants, high speed internet, and has the capacity to add industry. Utility companies include the telephone company and the light plant which generates its own electricity. In addition to roads, transit options include the *Take Me There* bus, school and charter bus services and the van for veterans.

Madelia business and industry, as discussed in the community engagement sessions, is comprised primarily of manufacturing which is largely poultry processing (24%), professional services (12.1%), health/social services (8.7%) and construction (5.6%). Madelia has a strong printing company that pays higher than the average wage and is generous in giving back to the community. The construction industry has plenty of work not just in housing but in sheds and outbuildings and employs skilled workers with higher wages than the average. Food service, while it is not a high wage industry is a strength of Madelia due to the specialty nature of food businesses.¹¹⁵



¹¹⁵ University of Minnesota Extension Center for Community Vitality, Watonwan County Economic Futures Report, Madelia, MN, 2017

Weaknesses Across the Community

Weaknesses noted had a common theme of *too few* or lack. Lack of funding was relevant in many areas. The fact that there are too few volunteers for the tasks of community life and progress came up repeatedly along with the fact that the few volunteers are stretched too thin. A lack of new leadership leaves gaps when current leaders and volunteers need breaks. In addition, the lack of a multipurpose community center was lamented. An aging infrastructure and short supply of houses are also concerning.

While there is support, there is a great need for funding for arts organizations and activities. Arts organizations and events have been staffed by volunteers and this has proved to be unsustainable. As the SWOT analysis was occurring in 2017, the Madelia Community Theater disbanded. This was mourned because the group had created wonderful theater events that allowed residents a fun night out, with dinner at La Plaza before the performance or a nightcap afterward at the American Legion. The theater volunteers were worn out and no one stepped forward to replace them. They identified that planning and implementing performances took a lot of time and all the volunteers were “*wearing too many volunteer and other hats.*” Likewise, a Children’s Theater was earlier discontinued. Complicating matters, there are few venues in which to host arts events. The school has space, but it is often needed for school events. Residents noted that better communication about arts events was also needed. Even when a performance occurred, many residents only learned about it after the fact.

Residents noted a distinct lack of community facilities. First among them is the fact that Madelia has no multipurpose community center. There is no central gathering place for the community. Because there is not a space in town to host large crowds of people they are forced to hold large events, like weddings, out of town. Paralleling this need, residents spoke of a need for more and larger meeting space, program space and activity space. Although the American Legion serves as a community center and is appreciated, it is not city owned. Residents noted it must be kept open and a desire for extended hours. Additionally, while residents spoke of bringing people to town during the community engagement sessions, they also noted a lack of accommodations for overnight stays.

The age of buildings in Madelia was noted as a weakness along with the costs of deferred maintenance. Lack of upkeep on some more historic buildings leads to higher costs. The lack of accessible buildings is also a barrier in older buildings. Participants noted, “*If there is no button to push to get in, people stop going.*”

Despite a focus on community health, Madelia is challenged with the health issues seen in rural communities across Minnesota. Obesity, diabetes, and teen pregnancy were identified as weaknesses during the community engagement sessions. Obesity, cancer, heart disease and diabetes were also ranked as priorities by residents in the Madelia Community Hospital Community Health Needs Assessment and Dialogue conducted in 2016.

Several areas were noted as lacking in community health. The lack of obstetrics care means young families go elsewhere for prenatal care and delivery.¹¹⁶ There is a lack of funding to expand community health efforts. The lack of assisted living facilities is felt painfully by elders who face moving from their home community to access this service. Childcare is available but at capacity.

Although Madelia has a large Latino population, multicultural bridges are lacking. Participants noted a “*chain of command versus facilitator*” style of leadership as a weakness.

Good housing exists but there are gaps in availability and options. Housing stock is limited and land-bound. Madelia has boundaries created on all sides by the river, railroad and highways. One subdivision

was built beyond those boundaries and filled immediately. Because existing housing is limited, it is also full and people stay where they are. Seniors are not leaving their large homes because of the lack of one floor houses, apartment options and assisted living. As a result, young families are not moving up into larger homes. There are not many homes for sale and when one comes on the market, it sells quickly. There are barriers to building new homes including restrictions imposed by zoning or flooding. Where there are buildable lots available, infrastructure and building costs are prohibitive. This makes the cost of building unaffordable at current wages. Although most housing is in good shape, the city noted that 30 percent is deteriorating. This is attributed in part to a lack of knowledge about home ownership and finances. Limited housing availability is a challenge to industry looking to locate in Madelia.¹¹⁶

While land use got high marks, room for improvement was identified. Streets are well maintained but not all sidewalks are as some are falling into disrepair and in some places they are missing altogether. There is little to no land for a business to build on and industrial buildings are underutilized. Contaminated land must be cleaned up to be usable. The industrial loading docks are cluttered.

One place residents singled out as a weakness was *the triangle*, a piece of land in triangle shape bordered by highways. Residents said, “The triangle is an eyesore.”

Finally, for Madelia to increase land use for any purposes requires infrastructure investment in streets, utilities, clean water and sewage treatment. All are costly, yet a lack of infrastructure capacity limits development.

Residents would like others to know of the abundant natural resources they have to share. One of the weaknesses identified in the natural resources area is a lack of marketing for what exists; the river, parks, trails, historical sites, recreational and hunting opportunities.

River flooding is unpredictable and can be a problem as well. As this report goes to print, the river has flooded the park after a long series of rains and Park Days, the annual celebration held each July will be moved to Main Street instead. When the river floods, it floods the park, campground and golf course, and puts the wastewater treatment plant at risk. Despite the risks of the river, another weakness identified was underutilization of the river. Residents noted that the river would benefit from clean up and trails could be better maintained.

Maintenance of facilities is costly and sometimes maintenance is momentarily deferred until funds are available. Parks are not always the highest budget priority and there is no other source of funding for them. The park shelter should be made accessible and it would be ideal to have a bathroom in the shelter. A better stage is needed for a variety of events. There is no dog park and residents see this as an important omission. Families would like more play equipment in the park. There is no shade at the soccer fields in the elementary school park. Parks in Madelia do not have warm facilities for use in winter.

There are limitations to infrastructure and transportation. City water storage areas need to be upgraded to be able to add more industry and the wastewater treatment plant will need expensive repair due to age and flooding. Likewise, the park shelter needs sewer work. Some intersections have trees blocking their sightlines. While freight service is good to have, residents often go around town when freight trains stop or back up, blocking city streets. The *Take Me There* bus has limited hours that do not always meet the needs of passengers.

Main street has limited parking which negatively impacts the businesses.

Participants noted that as a smaller, rural community, Madelia is conservative and tends to react to

things instead of planning.

As the population ages and housing is stagnant, it impacts the number of people who live in town and the number of people who are in the workforce.

During the community engagement sessions, residents spoke of their desire for more retail businesses downtown which keep money in town. Watonwan County Economic Futures Report, however, indicated that retail provided part time and low wage employment.¹¹⁷ Competition with larger stores in nearby communities which can bulk purchase and pay higher wages make retail success tough to achieve.

The construction industry could double in size but is hampered by an aging population and lack of skilled trades people like carpenters and electricians.¹¹⁷



Opportunities for the Community

Madelia residents see a bright future. They envision a community with more housing options that work for all ages and a thriving downtown. A multipurpose community center could serve as a hub and gathering place, fostering programs for residents including day care and afterschool enrichment, arts and theater events and activities for older adults. It could also provide needed meeting space and act as a venue for weddings and other large events which is not currently available.

Residents want to see industry grow and recreational activities promoted. They see a community that attracts people as an outdoor recreational destination with amenities. Residents welcome the opportunity to share a community they love with others.

Residents are hopeful about the arts and see many opportunities to foster artistic and cultural activities. Solutions centered around importing arts, creating spaces for arts, increasing funding and marketing. By importing art events, Madelia could draw from nearby neighbors as well as Minneapolis-St. Paul. Programs and performances such as Prairie Fire Theater, the Southern Minnesota Children's Museum, Minnesota Orchestra concerts, and travelling exhibits from arts organizations and other events could be brought to Madelia. This would reduce the need for arts staff. Investing in and expanding the arts and theater programs in the schools might be the most efficient way to increase art offerings in the community because there is staff and infrastructure in place.

Other ideas included creating a Madelia Alumni Band which would have enough musicians and instruments for performances. The band could perform from time to time when alumni return to the community, such as holidays and the annual Park Days celebration. Internally, Madelia could draw upon

the Latino community and feature multicultural community artists. This is a unique resource in rural Minnesota.

Spaces are needed for arts and events. A free-standing arts center could be created or one could be included in a multipurpose community center. A downtown Arts Zone with an outdoor sculpture walk, painted sidewalks and fire hydrants could be created and utilize adjacent indoor space for displaying fine art. Historic buildings would be good homes for an arts center, gallery and art studios. In turn, these would provide places for art classes.

Madelia's Watona Park could be a home for outdoor arts events. An enhanced stage could be a venue for music and theater performances and other summer entertainment in the park. Art could be incorporated into children's summer recreational programming as well. Funding is needed and grants were referenced as a source of income for the arts. The community could invest in knowledgeable staff or contractors who know the resources and can apply for grants. As Madelia grows in arts and events, this could be announced through art at gateway entrances. This would provide both beauty and marketing of the arts.

Critical opportunities included a new multipurpose community center and a new fire hall combined with space for Emergency Management Services (EMS). Residents envision a beautiful building with space for programs and activities for all ages and providing a venue for large events like weddings. It could be combined with a new fire hall/ EMS facility and/ or with an arts center. Knowing this may take time to implement, another suggestion was to use vacant buildings on Main Street as an interim art and community center. Residents thought the school buildings could be better utilized for community activities during out of school hours for such programs as open gym, children's programs and activities for older adults.

Building on the strong park system was also seen as an opportunity as a place to add community facilities like a community center. It was noted that Madelia could start with a plan and work toward it slowly over time.

Participants noted many opportunities for building upon and strengthening community health. They would like to continue working with SHIP and the Madelia Collaborative on community health initiatives. There is opportunity to grow civic engagement and connections between people. Conclusions from the Watonwan County Economic Futures Report included involving people in the community, building citizen commitment and encouraging the involvement of the Hispanic/Latino community.

There could also be better publicizing of the community health options in Madelia; the hospital offers many services people think they must leave town for, including surgery. The city could make better use of existing facilities for healthy activities as well by publicizing open gym hours at the school, increasing use of the track for walking, and adding raised bed gardens at the community gardens for seniors. A community center could



also be a resource for community health. It could host health activities such as health fairs and have an intergenerational component, offering a place for childcare, seniors, teens, mentoring programs and even a pet shelter.

Stronger civic connections could be built to foster a larger pool of volunteers active on community issues. New leadership could be developed through a local leadership program, increasing the pool of leaders to younger residents and members of the Latino community.

Increasing the housing number and options pose additional opportunities. Madelia could use existing lots to fill the gaps in one floor homes with attached garages for seniors. New subdivisions could be created beyond the current boundaries. Strategies to cut down on the cost of lots and infrastructure can be researched and implemented where possible. There may be partnerships with employers to help create workforce housing which is affordable and/or income based. Assistance to first time home buyers could build home ownership and finance knowledge while helping families afford homes. A program could be developed to help people living in older or deteriorating housing in need of maintenance. Many options for senior living could keep seniors in the community and provide employment to those providing services to them. Seniors say they want options from one floor homes, apartments, home health care services, assisted living and long-term care. Providing options for senior living, from one floor homes or apartments to assisted living to long-term care, could allow Madelia's seniors to stay in the home community as they age. Providing both life-cycle and affordable housing was a recommendation of the Watonwan County Economic Futures Report.

Madelia has the opportunity to plan and zone for balanced development to enhance the city. Land use opportunities include finding ways to encourage the building of homes, businesses, manufacturing and other industry. Keeping industry separate from residential areas, parks and the business district is important. The opportunity to develop more industry may mean developing beyond existing boundaries such as near Highway 60. Residents strongly suggest a community center be part of any land use plan. They would also like to see more restaurants, hotels or bed and breakfasts and other amenities.

Madelia could set land aside for preserves, being surrounded by agricultural and open land with a beautiful river running through it. Once land is developed, this opportunity is gone. A group could be started to educate people and encourage this kind of stewardship. Friends of the Watonwan River could be revived to clean the river and promote river activities. The river and the local trails create many opportunities. Trails could be better connected to encourage use. More trails could be developed including bike and ATV trails. Birding trails and pollinator gardens could also be developed. Growing interest in both birds and pollinators can create opportunities for local farmers and gardeners as well as bring travelers to see birds and butterflies.

The existing parks and facilities are strong assets, residents would like to see them maintained and improved over time. This includes existing facilities: the parks, swimming pool, golf course, trails, high school track, ball fields, etc. The city may grow the resources for parks and recreation by obtaining grants for capital improvements and staffing. Provide summer internships and utilize the volunteer talents of residents to provide programs and activities. Opportunities for park additions included a dog park and a clubhouse at the golf course. Weekend entertainment could be added in the summer. Greater use of the river as a recreational asset could include kayaking, canoeing, fishing, and tubing. Winter activities could be enhanced; ice skating, cross country skiing and snowshoeing could be encouraged at the golf course.

With the ball diamonds and the soccer fields, Madelia might host youth sports tournaments. The city could also expand parks and recreational programs to include multicultural learning and other academic enhancement programs. School buildings could be used more during non-school hours; after school, evenings and weekends. Recreational opportunities could be advertised as a reason to come to Madelia all year. Partners outside the community could help with some of this. A Friends of the Park or park board group could be created to advise and assist with park funding, development and activities.

Some of the opportunities for Madelia include using taxes for critical needs and finding sources for additional funding. Participants suggested hiring grant writers and obtaining grants to help with the costs of aging infrastructure and lobbying for state/national funds for upgrades and new infrastructure. Improving water storage and adding underground water storage would allow for more industry in town. Putting utilities underground and adding fiber optics could be done at the same time. Both strategies would make Madelia more appealing for new business and industry.

The Watonwan County Futures Report noted that by providing wireless capabilities throughout town, Madelia could attract more business and professional services. Madelia could also grow its own tradespeople. Residents suggested using the school to establish a program to teach skilled trades. This would make use of existing infrastructure, fill a need that is larger than Madelia and thus may draw people to town, provide a critical resource to an existing industry and lead to higher wage employment.¹¹⁸

Additionally, staff or volunteers could research companies looking for space, including tech companies which are relocating to northern states. A team of city and chamber staff and volunteers could bring potential industries in to see the available infrastructure, highways, airport and to meet residents and potential workers. The city could negotiate a broadband plan for each household, allowing small home-based businesses to thrive. More parking downtown would be an asset to businesses there. The train depot may be an opportunity also for creative entrepreneurs.

¹¹⁸ University of Minnesota Extension Center for Community Vitality, Watonwan County Economic Futures Report, Madelia, MN, 2017

Threats to the Community

The threats noted reflect many of the challenges faced by rural communities. While housing exists, options are limited and in short supply. Lack of funding for a variety of issues including flood mitigation, infrastructure development and maintenance and economic development make it challenging to attract new industry. Federal and state mandates are seen to add barriers and layers of complexity. Lack of industry results in a shortage of living wage jobs, forcing residents to commute out of town for work. The city park and golf course, which both figure largely in community life, flood often. People leave town for work, leisure activities and housing options.

Many of the opportunities noted in the arts leverage existing resources and minimize costs. This is pragmatic and leads to workable solutions. Yet even with these strategic options, threats exist. The over tapping of volunteers leads to burnout. Once burned out, volunteers are difficult to re-engage, decreasing the pool of volunteers even more. The demise of the community theater illustrates this. There is a cost to volunteering, both in time and expense, and funding is critical for some staff or contract work to implement the arts. Due to the small nature of Madelia, much of this funding may need to come from the state arts board or foundation grants, which are very competitive and require staff to manage them.

The cuts to school arts programs result in students not being introduced to arts at a young age resulting in less arts engagement as adults. While the park is a wonderful potential venue, it is subject to flooding, which cannot be predicted and sometimes is devastating. This makes scheduling performances there risky. The lack of arts events in town results in people traveling to other communities for arts and cultural events. Once these habits are formed, they are difficult to break.

A chief threat noted was a lack of funds for critical community facilities, like a new fire hall and community center. Also noted was lack of ownership on the part of residents in the time-consuming work of building support for community improvements over time. The same few people tend to do all the volunteer work and they stated a need to replace them with new volunteers. Much of the work in small towns (and Madelia is no exception) is done by volunteers including critical services like fire and EMS. People wear many volunteer hats which often overlap.

Health care is impacted by insurance mandates and costly regulations, some of which are redundant. An example of this was provided at the Futures Workshop when the hospital explained the need for a second water treatment process for some services requiring treatment on site of already treated municipal water.¹¹⁹

Threats noted also include the limited availability of housing which forces people to move out of town. This limits the local workforce and is a deterrent to industry seeking to locate in Madelia.¹¹⁹ Seniors are forced to leave town to gain the housing and services they need. Construction costs are high and wages don't support the construction of new houses. These factors limit the population, workforce and tax base of Madelia.

Land use threats include funding issues; a lack of funding for cleanup of contaminated sites, the high cost of infrastructure and other development costs. Property tax issues were also identified as a threat.

A major threat identified is that people grow up in the area and leave, thus there is not a focus on preservation of natural resources or stewardship that leads to land preserves. Industrial agriculture, large-scale single crops with heavy use of chemical fertilizers and pesticides, was identified as another threat. Funding is always an issue and it takes funding to create trails, land preserves and otherwise care for natural resources. Lack of park staff to fulfill all the needs, uses and desires lead to missed opportunities.

Madelia is losing *big* industry which tends to pay higher wages, impacts available city funding through the tax base and shares in the costs of infrastructure. Poultry processing could be impacted by limited poultry, which is, fewer producers in the area raise chickens as farms shift more to crops and away from animals. The printing industry, one of the stronger businesses in town, would be decimated if newspapers stopped printing.¹¹⁹

Aging infrastructure is fragile and if the wastewater treatment plant fails, it's a problem for industry. If there is not an available workforce, it's a problem for industry. The available workforce may choose to work in nearby towns if wages are better there.¹¹⁹

The city has no control over state and federal mandates but must comply with them and they are sometimes costly. Utility costs are high in Madelia. These issues are considered by industry when seeking a location and may deter new industry away from Madelia.

While the threats are real, Madelia has many strengths to build upon, dedicated city and chamber staff and residents with creative ideas. Since the fire, La Plaza, the locally-owned Mexican restaurant, fills downtown evenings and weekends. A new brewery opened in 2018. These provide a start to the amenities that were envisioned by residents to enhance community life and attract visitors. The comprehensive plan, marketing strategy and this economic resiliency plan provide a road map for developing Madelia into a thriving rural community residents love to share and call home.





CHAPTER 6

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Recommendations

This economic resilience plan has been informed by the people of Madelia who are aware of the reality the city is facing and supported by local, regional and national data. The plan draws a blueprint to improve Madelia's economic resiliency by promoting innovation, entrepreneurship and becoming a more diverse and welcoming city for new residents, tourists, visitors, business and industries.

These recommendations prioritize the community's feedback and highlight strategies or action items portrayed in some of the region planning documents previously published including the Comprehensive Economic Development Strategy, the Comprehensive Plan for the City of Madelia, Minnesota, and the Southcentral Minnesota Climate Change Vulnerability Assessment & Adaptation Plan. Further, they integrate local and regional planning into a specific local instrument to respond to the exceptional particularities of the city, using the knowledge and experience of the city for solving the problems they face while formulating solutions with local, regional and national impacts.

To take advantage of its assets like geographical location, human, natural, economic, infrastructure and political capital, a consensus must be achieved to develop a long-term and sustainable commitment for reversing the loss of population, diversity and industries that may be expected in the near future.

The economic base for the City of Madelia should be expanded and diversified to become an art destination center, build a strong tourism and hospitality industry, promote new technological-based industries and businesses, create an entrepreneurial environment for residents and new investors, improve its student's education attainment in science, technology, engineering and mathematics (STEM), retain human capital and talent, become a city destination for millennials and host local and regional recreation sport leagues and tournaments.

Finally, Madelia should be open to new technologies to create resilient and effective structures and practices that minimize adverse production and maximize benefits. Professor Fisher, director of the Minnesota Design Center, signals that "Automation, artificial intelligence, robotics, and the internet of things will replace most repetitive or dangerous work in the next decade or two. They will, however, also create many jobs whose names and activities we cannot even predict." He also defines three steps to innovation that led to the startup revolution: deep empathy (deeply understanding the perspective of the people suffering the problem), radical collaboration, and rapid prototyping. Successful initiatives start and move fast, even with frequent failure before they achieve success. At the same time, community development should be based on its local assets projecting solutions relevant to the problems the people face.

The following are recommendations for the City of Madelia:

Adopt a plan supporting the arts, including current activities, events and celebrations as well fostering of new local, regional and state-wide avenues.

- Create an arts and historical downtown district.
- Promote multicultural art events and co-host art events with the organizations and groups from Minneapolis-St. Paul, Mankato and surrounding cities.
- Coordinate traveling exhibits from major art organizations.
- Create a Madelia alumni band to encourage alumnae to come to town to celebrate special occasions.
- Expand the school music and theater programs to reach and engage people of all ages.
- Create and promote regional film festivals and performances hosted at the historic Madelia Theater.
- Expand and promote arts activities for adults over 50 years old to attract populations from neighboring cities.

Implement a plan to develop a strong tourism and hospitality industry.

- Improve and expand upon current lodging and transportation capabilities for local and visitors.
- Promote Madelia's rich history and its place on the outlaw trail to attracts local, regional and national visitors.
- Promote existing t-ball, softball, and baseball summer leagues
- Create new local and regional swimming, soccer, basketball, baseball, t-ball, softball, track and field, bowling and frisbee golf leagues and tournaments for attracting visitors.
- Clean and develop the Watonwan river to promote kayaking, canoeing, fishing and tubing.
- Sustain current festivals and celebrations and create new art opportunities, festivals and community celebrations to improve the quality of life for residents and to attract tourists and visitors.

Develop a plan, in coordination with large agribusiness in the region, to preserve the natural resources and manage the heavy use of chemicals, fertilizers and pesticides.

- Coordinate with local, regional and state stakeholders to clean contaminated sites.

Implement the recommendations included in the comprehensive plan and *South Central Minnesota Climate Change Vulnerability Assessment & Adaptation Plan* to address climate change events affecting the city like flooding and drought.

Develop an infrastructure development plan promoting balanced development, affordable housing, and diversification of business and industries.

- Develop and implement a zoning plan that promotes a balanced development and affordable housing and ownership for young families and seniors to create intergenerational housing options.
- Work with the health care and social systems to improve the number of assisted living and nursing homes in the city.
- Construct a modern, multipurpose, multicultural community center with an art wing in a strategic location without access barriers for all people living or visiting Madelia.
- Improve non-residential lands and create industrial and business parks, office and retail buildings.
- Increase the area of industrial space and maximize the utilization of existing industrial facilities.
- Improve the city infrastructure to facilitate the mobilization of people with disabilities.
- Develop and improve the city and surroundings' infrastructure to become a regionally recognized campground and picnicking destination, hunting reserve for duck, geese and pheasant, fishing, hunting, naturalists, culture and sport's destination.
- Promote and build the infrastructure to create local and regional swimming, soccer, basketball, baseball, t-ball, softball, track and field, bowling and frisbee golf leagues and tournaments, especially during the summer time.
- Promote and improve the utilization of walking and biking routes and trails in the city and surrounding areas.
- Provide warm facilities in public spaces where arts, community events and celebrations are held in winter.
- Build a dog park and pet shelter.
- Renovate and upgrade aging city infrastructure.
- Renovate and embellish deteriorated buildings and facades, particularly targeting downtown.
- Increase and modernize parking spaces in downtown.
- Repurpose the train depot for use by innovative entrepreneurs.
- Improve water storage, adding underground water storage and finalizing underground utility updates.
- Maintain and improve bathrooms, sewer systems, and other amenities of parks, trails, playgrounds and sport fields.
- Build, maintain and update sidewalks.
- Design and install street signs which are more visible for drivers and easy to read that will inform about Madelia's tourism attractions and destinations.
- Improve rail road crossings.

Create a plan addressing poverty and reducing its impact in the most vulnerable population of Madelia.

- Develop a strategy to reduce uninsured population numbers.
- Create conditions improving home ownership.
- Promote initiatives to reduce the cost-burdened situations of homeowners and especially renters.
- Implement, in collaboration with neighboring colleges and universities and DEED, job training programs and worker retention plans.
- Improve the quality of education in the school system by engaging mentors, tutors in afterschool activities and developing strategies to improve students' graduation and performance in STEM.
- Develop initiatives to empower single parents to complete their education thus increasing the city's educational attainments.
- Move toward the retention of a critical mass of educated population needed to promote the city for new technological-based industries and business.
- Use the local school system for creating new programming to teach skilled trades and foster local tradespeople talent.
- Develop housing programs that include aiding first time home buyers, financing educational programs, helping families afford homes, educating owners on maintenance and helping people living in older or deteriorating housing with necessary maintenance.
- Increase senior living options to keep seniors in the community and increase employment opportunities.
- Renovate "the triangle" to make the city more attractive for residents and visitors.
- Develop a strategy in partnership with local industries and employers to raise wages and salaries for Madelia residents.
- Create better paying jobs to increase Madelia's household income, reduce the poverty levels of the city and to attract new qualified young workers.

Implement a sustainable marketing and communication strategy promoting the abundance of the area's rich recreational opportunities to attract visitors while fostering tourism and hospitality.

- Improve Madelia communication systems to information all residents about arts, festivals, celebrations, events and community gatherings.

Plan, promote and encourage volunteerism, especially among the elder and the youth populations, to expand its critical mass needed for the multiple current and new opportunities the city may offer.

Empower new leadership styles that prioritizes collaboration, stronger civic connections and engagement, with mentoring and tutoring opportunities for younger generations from all cultures and ethnic groups.

- Empower civic engagement and voter participation.

Promote the development and accessibility to broadband networks and high-speed internet.

- Focus attention on responding to larger globalized economies that are operating increasingly online.

Design and implement a comprehensive community health program to address social determinants of health, focusing on health promotion and prevention of the identified chronic diseases affecting the people of Madelia while integrating current efforts and creating new initiatives to reach all the people living in the city, especially marginalize and vulnerable populations.

- Coordinate with the health care system initiatives to improve the number of residents covered with health insurance.
- Recruit, train and hire community leaders as community health workers, navigators or facilitators to implement culturally and linguistically competent community health programs that address the social determinants of teen pregnancy, chronic diseases, cancer, obesity and diabetes and promote active living and healthy eating, cancer screenings and annual dental and physical exams.

Improve access to healthy foods.

- Improve access to the farmer's market.
- Encourage the creation of community gardens to increase the consumption of healthy, fresh local food.
- Encourage organic farms and access to local foods- farm to table restaurants.

Activate programs for remediation and removal of lead-based paint in old homes.

- Have the local clinic perform blood lead screenings to all children under seven years of age living in the city who had not been tested, and those who after the last test have move to old houses with deteriorated lead-based paint.

Improve funding opportunities for projects and activities which will propel Madelia into a resilient economic hub by creating and consolidating relationships and partnerships with local, regional, state and national funding organizations.

- Promote public and private Investments in the community to sustain and promote the creation of local business.
- Create more opportunities for entrepreneurs to start new retail stores.
- Establish partnerships or hire staff to write and manage grants.

Achieve a consensus about taxes, taking into consideration the advantages of having no sales tax and low property taxes and the disadvantage of being downgraded because the small tax base.

Address the declining population trend by creating social and economic conditions to retain and welcome new immigrants and encourage younger generations to stay. Increasing workforce diversity will broaden the skills base, increasing economic competitiveness and innovation.



CHAPTER 7



Conclusions

Madelia has many strengths to build upon, including committed leadership, engaged residents, dedicated volunteers and the political will for becoming a resilient city. Madelia must focus on and continue building upon its strengths while pursuing innovative opportunities and simultaneously addressing the weaknesses and threats as identified in the data analysis and vividly described by the stakeholders who participated in the process for completing this plan.

While Madelia shares many challenges with other rural communities in Minnesota and across the United States, it is well placed geographically and has more than enough human, natural, economic, infrastructure and political assets to diversify, innovate and meet these challenges. By embracing its strengths and addressing its challenges, Madelia will continuously prosper as the “Pride of the Prairie” for another 160 years and more.

Historically, consistent growth portrays Madelia as a job-drive population, exceptions occurring during the Great Depression and Great Recession. The city’s highest recorded population was in 2001, after which the population started to decline. It will be the first time in Madelia’s history that population declines over two consecutive census periods if there is no net growth by 2020.

The economic base for Madelia depends on three main sectors of manufacturing healthcare and retail, as well as three major employers including animal slaughtering, printing and nursing care facilities. Madelia, however, is aiming for increasing diversification. Opportunities include becoming an art destination center, building a strong tourism and hospitality industry, promoting new technological-based industries and businesses, creating an entrepreneurial environment for residents and new investors, improving its student’s education attainment in science, technology, engineering and mathematics (STEM), retaining human capital and talent, becoming a city destination for millennials and hosting local and regional recreation sport leagues and tournaments.

The quality of life in Madelia has mixed indicators. For instance, people living in the city enjoy their low costs of living, the low rates of unemployment, low crime rates and high safety ratings. Most of the residents who rent apartments or houses face cost-burdened situations as a significant percent of the population are living in poverty. This is a consequence of multiple factors including: low earning wages, the relatively high percentage of single parents, especially mothers, with children under five years of age, the large proportion of residents 64 years and older, the lack of educated work force participants and the loss of younger generations who leave the city for college and frequently do not return due to the lack of well-paying professional jobs in the city.

Madelia is connected by a well-maintained network of highways with other cities, the regional urban area of Mankato and the Minneapolis-St. Paul metropolitan area. The rail road is used to transport products to Chicago, Illinois; the Minneapolis-St. Paul, Minnesota; Sioux City, Iowa; and Omaha, Nebraska. Four airports including one municipal (St. James), one regional (Mankato) and two international (Minneapolis-St. Paul and Rochester) are within a 115-mile radius from the city. Most workers living in Madelia enjoy short commuting times, but there is a need for improving public transportation services in and out of the city.

The supply chain analysis shows a solid base to create jobs and demand for local goods and services, which would contribute to the economic resiliency of the city. For the city to be considered a potential site for a business, however, it must have properties available for purchase. The analysis for the target industry concludes that the lack of industrial space is preventing the city from competing for economic development prospects, although some existing industrial facilities are underutilized.

The short-term recommended target industries include food processing and machinery and fabricated metal product manufacturing, retail and restaurants. The long-term targets include logistics and back office and e-commerce, which may face the lack of commercial space and high-speed internet challenges.

Watonwan County portrays a very low capacity for innovation. Its Portfolio Innovation Index shows plenty of opportunities to improve from consolidating established large industries and taken advantage of the county strengths to welcoming new ones and empowering local entrepreneurs and preventing the young educated population to leave the city. The index could be used as a baseline to measure improvement for innovation.

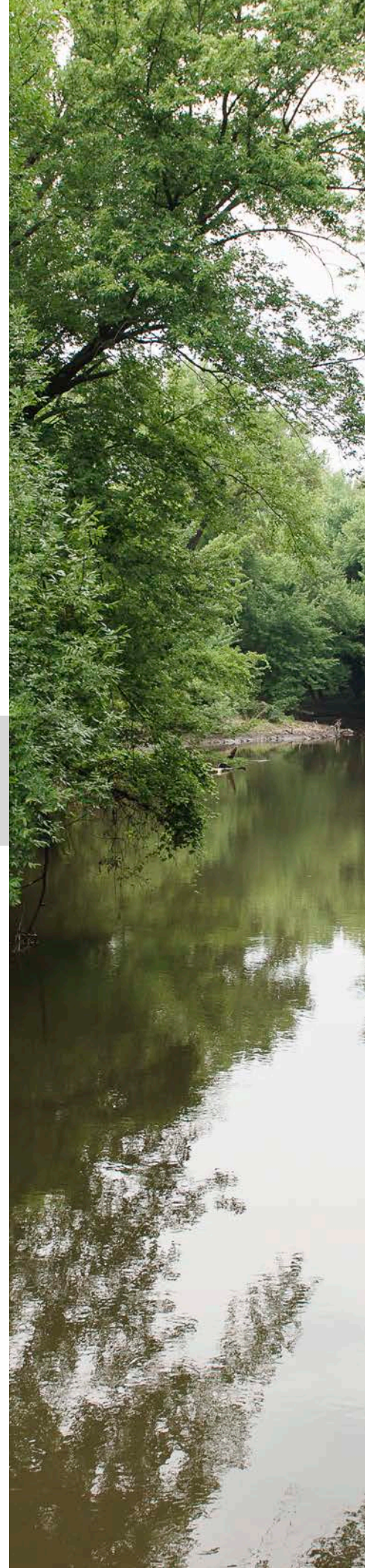
The analysis of Madelia resiliency capacity shows that although the city has a low inequality coefficient, there is a need to improve the population income, reduce the poverty rate and the number of cost-burdened households, especially renters. The city should diversify its economy, address and improve its population educational attainment, the large proportion of people reporting a disability, the lack of health-insured population, as well as increase home ownership and voter participation.

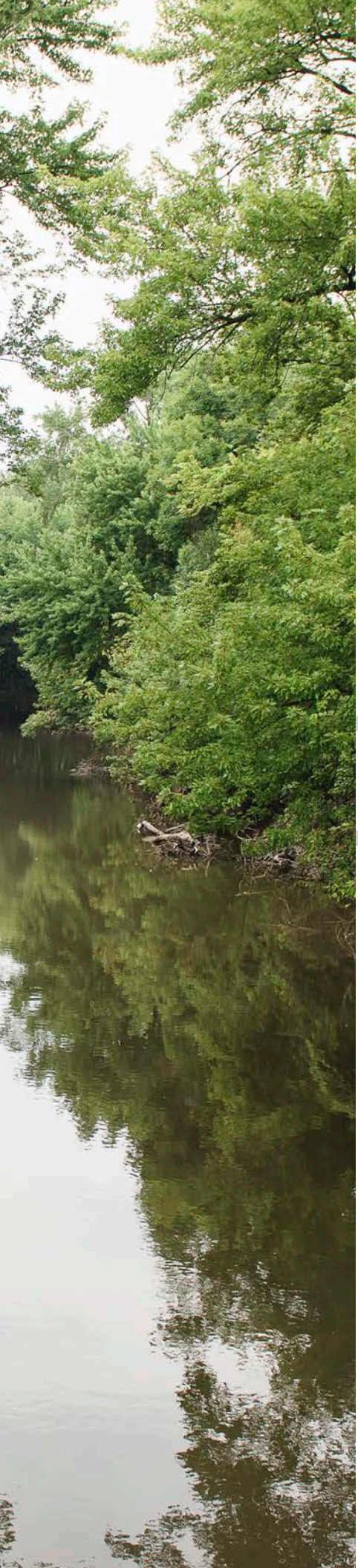
Community members stated at the community engagement sessions that they are proud to live in the City of Madelia with its abundant natural resources. They enjoy the festivals, celebrations, art expressions, as well as their indoor and outdoor recreational activities including the well-maintained park systems, sport fields, community garden opportunities, the garden club, hiking, biking, snowmobiling, hunting, fishing and nature-observing locations.

The Madelia community celebrates the arts, culture, festivals and events they host. They believe supporting the arts is a workforce issue for world-class companies and business to remain competitive in a global market place. They proudly celebrate Madelia's history and stories preserved in the museum, the Historical Society and historical sites around the city and surrounding areas.

Residents see many opportunities to foster artistic and cultural activities. Madelia could draw from nearby neighbors as well as the Minneapolis-St. Paul. Programs and performances such as Prairie Fire Theater, the Southern Minnesota Children's Museum, Minnesota Orchestra concerts, and travelling exhibits from arts organizations and other events could be brought to Madelia.

Although volunteers have a strong commitment to their activities and initiatives, often people wear many volunteer hats which regularly overlap and frequently they lack the time and energy to take on more activities. For instance, arts organizations and events that have been staffed by volunteers have proved to be unsustainable. Madelia's community leaders acknowledge a decreasing number of volunteers, which is why they emphasized Friends of the Watonwan River no longer exists and the Madelia Community





Theater disbanded. They also recognize the need for new leadership style that prioritize collaboration, stronger civic connections and engagement, with mentoring and tutoring opportunities for younger generations from all cultures and ethnic groups.

They believe the lack of arts events in town results in people travelling to other communities for arts and cultural events. Once these habits are formed, they are difficult to break. Madelia's Watona Park could be a home for outdoor arts events. An enhanced stage could be a venue for music and theater performances and other summer entertainment activities in the park. A Madelia alumni band should be created to encourage alumnae to come to town to celebrate special occasions.

Community leaders strongly feel there is a need to build a modern multipurpose multicultural community center with an art wing or a center for the arts that could serve as a hub and gathering place and fosters programs including community health initiatives, day care and afterschool enrichment programs, arts and theater events and activities for people of all ages. It could also provide a much-needed meeting space for hosting large events.

Community leaders recommend renovating and embellishing deteriorated old buildings and facades to be reused as art and craft studios and galleries. These art spaces should be integrated in an arts and historical downtown district with an outdoor sculpture and other art exhibits.

The city's downtown businesses also are key to build its tourism sector. Businesses downtown could benefit from more parking. The repurpose of the train depot may be an opportunity for creative entrepreneurs. Designing and installing more visible street signs for drivers that are easy to read will inform about Madelia's tourism attractions and destinations. Similarly, improving rail road crossings to prevent traffic stops when trains are backing up and blocking streets where suggested.

Madelia has a unique opportunity to capitalize on the abundance of resources by developing a strong tourism and hospitality industry. With plenty of sunshine, fresh air, water, fertile land, beautiful surroundings and parks, Madelia could become a regionally recognized campground and picnicking destination. There is a hunting reserve for duck, geese and pheasant to be enjoyed by small game and recreational hunters. Bird and plant watching grounds, hiking, sports and cultural opportunities lend Madelia to becoming a fishing, hunting, naturalists, culture and sport's destination.

The Watonwan River should be cleaned and developed as it is a valuable natural resource and tourism attraction. The Friends of the Watonwan River community group could be revived to clean the river and promote river activities. Greater use of the river as a recreational asset could include kayaking, canoeing, fishing and tubing. Preservation and stewardship of natural resources and management of the heavy use of chemicals, fertilizers

and pesticides by the industrial agriculture and its large-scale single crops will ensure these resources are well-maintained for years to come. A long-term sustainable marketing campaign should promote the abundance of the area's rich recreational opportunities to attract visitors and foster tourism and hospitality.

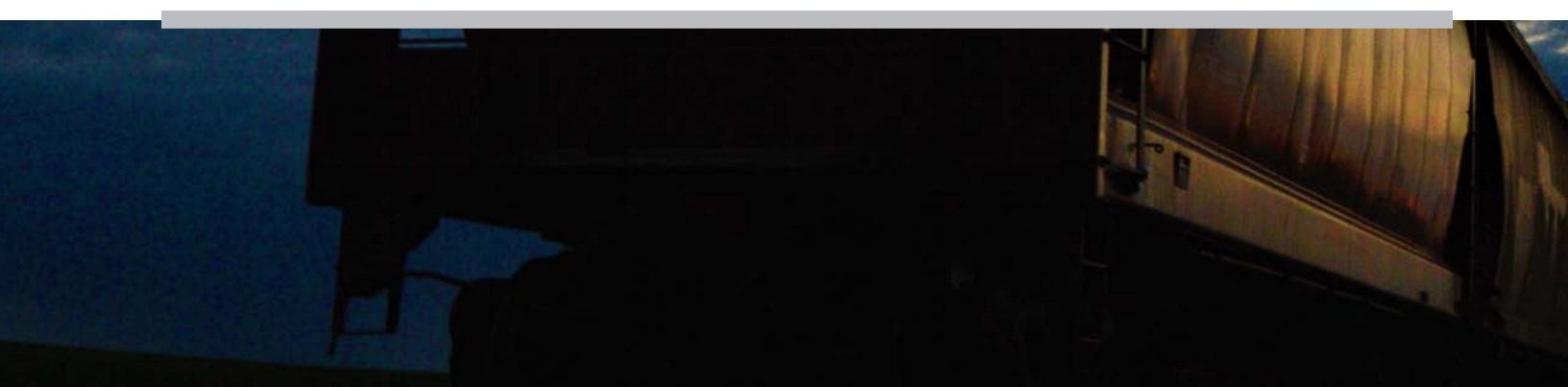
Madelia residents recognize they have a comprehensive and well-established health care system led by an accredited level four local community hospital and clinic. They promote active lifestyles, healthy eating and local food from the farmer's markets and community garden. Residents, however, think health care has been impacted by insurance mandates and costly regulations. They also acknowledged the large percentage of the population which is uninsured, the increase of teen pregnancy and people suffering from the chronic diseases of cancer, obesity and diabetes. They also identified the lack of obstetrics services, assisted living facilities, and childcare services. Due to the large population younger than six years of age living in the city, it is necessary to address the risk of lead poisoning for the children living in houses built before 1978 which may have deteriorated lead-based paint.

Funding is always an issue, especially for small cities like Madelia. Sometimes there are struggles for securing financial resources to create new trails, land preserves and otherwise care for natural resources, aging infrastructure, the arts, accommodations for tourists and visitors, public spaces and buildings accessible for people with disabilities and to expand community health efforts. In addition, the city is losing "big" industry which tends to pay higher wages and impacts the city tax base and shares in the costs of infrastructure.

Community leaders pointed out the need for updating some of the city infrastructure, which comes with a significant investment of resources and high price-tag but doing so would promote development and growth. Underground utility updates and adding fiber optics could occur together. Upgrading infrastructure capacities such as improving water storage, adding underground water storage and providing high-tech internet will make Madelia more appealing for new business and industry.

The city could also consider negotiating a broadband plan for each household, allowing small home-based businesses to thrive. Much of their aging infrastructure is fragile. Failure of the wastewater treatment plant would be detrimental for industry. Infrastructure improvements should also include the maintenance and improvement of bathrooms, sewer systems, and other amenities of parks, trails, playgrounds and sport fields, and sidewalks. Residents suggest providing warm facilities in winter, as well as to build a dog park and pet shelter.

Cleaning up contaminated sites will also attract new industry and remove blight. Additionally, flooding is an issue which is sometimes devastating. It affects natural resources, festivals, celebrations and recreation opportunities, and potentially the wastewater treatment plant, which residents recommended updating to face climate change events.



There are opportunities to improve Madelia’s quality of education, emphasizing on classes to graduate competent high school students in STEM who could attend colleges and universities close to the city and create the critical mass of educated population needed to promote the city for new technological-based industries and business.

Madelia could also foster its own tradespeople. Residents suggested using the school to establish a program to teach skilled trades. This would make use of existing infrastructure, fill a need which is larger than Madelia and thus may draw people to town, provide a critical resource to an existing industry and lead to higher wage employment.

Affordable housing is a strength in Madelia; however, the city has a lower rate of housing ownership and there are gaps in availability. Housing options are limited and in short supply. The lack of infrastructure for new developments make them very expensive, current wages do not support the construction of new houses, which forces people to move out of town, limits the local workforce and is a deterrent to industry seeking to locate in Madelia.

Seniors described the need for housing for the large population over 65 years to make room for young families. They are not leaving their large homes because of the lack of transitional housing options. As a result, young families are not moving up into larger homes. When seniors are not able to live alone, frequently, they leave town to gain the housing and services they need. Developing a program to help people living in older or deteriorating housing with maintenance could improve housing stock quality. In providing more options for senior living, Madelia could keep their seniors in the community and provide employment to those providing services to them.

As the population ages and housing is stagnant, it impacts the number of people who live in town and the number of people who are in the workforce. There may be partnership with employers to help create affordable workforce housing. Also, community leaders believed assistance to first time home buyers could build home ownership and finance knowledge while helping families afford homes.

Community leaders think many houses are deteriorating, because owners do not know how maintain a house, house ownership issues, and finances. “The triangle” is a deteriorated piece of land that should be improved to make the city more attractive for residents and visitors. They envision a community with intergenerational housing options and a thriving downtown.

The low tax base of the city is seen as a strength and it has been suggested that the no-sales and low property taxes should be promoted to attract new investments. Investors services have downgraded the rating on the outstanding general obligation debt reflecting among other issues the city’s extremely small tax base and weak demographic profile.



APPENDIX



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